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Economic
Research
Service

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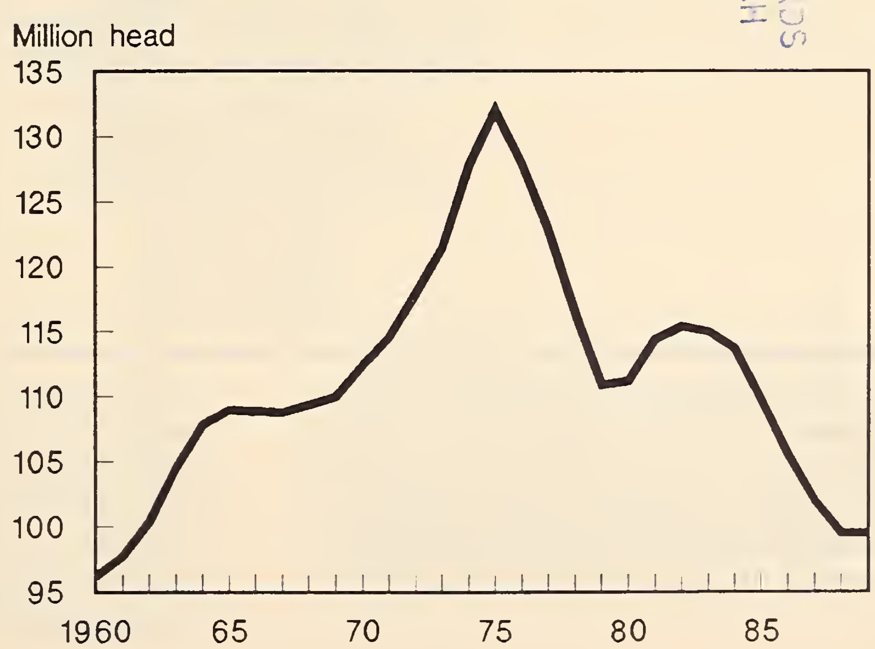
February 1989

# Livestock and Poultry

## Situation and Outlook Report

U.S. Cattle and Calf Inventory Steady in 1989



**Livestock and Poultry Situation and Outlook.** Commodity Economics Division, Economic Research Service, U.S. Department of Agriculture, February 1988.

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The present forecasts will be updated, if needed, in the World Agricultural Supply and Demand Estimates scheduled for release on March 9, April 11, and May 11, 1989.

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## Summary


Although the number of cattle and calves on U.S. farms and ranches was virtually unchanged from a year ago on January 1, 1989, beef producers are beginning to expand their breeding herds. This expansion dramatically changes the beef outlook for 1989 and beyond. Beef cows numbered 2 percent above a year earlier and beef replacement heifers were up 5 percent. The 1988 calf crop was 672,000 head larger than was projected on July 1. Dairy cow numbers were down 1 percent, while replacement heifers increased 2 percent. All cattle and calves totaled 99.5 million head, the fewest since 1961.

Commercial beef production in 1989 is expected to total 22,750 million pounds, down 3 percent from 1988. Choice steer prices in 1989 are expected to average in the low to mid-$70's, compared to near $70 in 1988. The relatively high yearling feeder steer prices in the low to mid-$80's are likely to keep cow-calf operators' returns positive in 1989, but they will not approach the $120-per-cow levels of 1979.

Pork production in 1989 is projected at 15,450 million pounds, down 1 percent from a year ago. The lower production may boost prices slightly over 1988's $43-per-cwt average. With higher feed costs in the first half of the year, returns will be reduced. However, feed costs are expected to drop in second-half 1989, which combined with higher hog prices would improve returns.

Broiler production is expected to rise about 5 percent in 1989, compared to 3 percent in 1988. In 1989, 12-city wholesale broiler prices are expected to average 53 to 59 cents per pound, little changed from 1988. Even with higher feed costs, broiler producers' returns should remain above breakeven.

Turkey production is expected to increase about 4 percent in 1989, compared with a 5-percent rise in 1988. Turkey producers are slowing their rate of increase after 2 years of lackluster returns. Wholesale hen prices in the eastern region are expected to average 63-69 cents in 1989, compared with 61 cents in 1988. Expected higher turkey prices will boost producer's returns.

Egg production is projected to fall 2 percent in 1989, following a less-than-1-percent decline in 1988. Egg prices are expected to average 67 to 73 cents per dozen in 1989, compared with 62 cents in 1988. If egg prices average in the upper part of the range, producers' net returns could turn positive in 1989.

Table 1--Livestock, poultry, and egg production and prices
(All percent changes shown are from a year earlier.)

| Item | 1987 | 1988 | | | | | 1989 1/ | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Annual | I | II | III | IV | Annual | I | II | III | IV | Annual |
| | | | | | | Million pounds | | | | | |
| Production: | | | | | | | | | | | |
| Beef | 23,405 | 5,696 | 5,784 | 6,186 | 5,753 | 23,419 | 5,700 | 5,650 | 5,900 | 5,500 | 22,750 |
| % change | -3 | -1 | 1 | 2 | -2 | 0 | 0 | -2 | -5 | -4 | -3 |
| Pork | 14,312 | 3,787 | 3,726 | 3,773 | 4,328 | 15,614 | 3,900 | 3,700 | 3,800 | 4,050 | 15,450 |
| % change | 2 | 7 | 12 | 11 | 7 | 9 | 3 | -1 | 1 | -6 | -1 |
| Lamb & mutton | 309 | 85 | 80 | 80 | 84 | 329 | 85 | 80 | 81 | 84 | 330 |
| % change | -7 | 12 | 7 | 4 | 4 | 6 | 0 | 1 | 1 | 0 | 0 |
| Veal | 416 | 97 | 92 | 99 | 99 | 387 | 100 | 90 | 100 | 100 | 390 |
| % change | -18 | -13 | -9 | 0 | -5 | -7 | 3 | -2 | 1 | 1 | 1 |
| Total red meat | 38,442 | 9,665 | 9,682 | 10,138 | 10,264 | 39,749 | 9,785 | 9,520 | 9,881 | 9,734 | 38,920 |
| % change | -2 | 2 | 5 | 5 | 2 | 3 | 1 | -2 | -3 | -5 | -2 |
| Broilers | 15,502 | 3,996 | 4,079 | 4,033 | 3,875 | 15,984 | 4,100 | 4,250 | 4,300 | 4,200 | 16,850 |
| % change | 9 | 7 | 4 | 2 | -1 | 3 | 3 | 4 | 7 | 8 | 5 |
| Turkeys | 3,717 | 837 | 980 | 1,066 | 1,020 | 3,903 | 850 | 1,000 | 1,100 | 1,100 | 4,050 |
| % change | 19 | 25 | 13 | -3 | -6 | 5 | 2 | 2 | 3 | 8 | 4 |
| Total poultry | 19,772 | 4,986 | 5,209 | 5,212 | 5,015 | 20,422 | 5,090 | 5,395 | 5,530 | 5,435 | 21,450 |
| % change | 10 | 10 | 6 | 0 | -2 | 3 | 2 | 4 | 6 | 8 | 5 |
| Total red meat and poultry | 58,214 | 14,651 | 14,891 | 15,350 | 15,279 | 60,171 | 14,875 | 14,915 | 15,411 | 15,169 | 60,370 |
| % change | 2 | 5 | 5 | 4 | 0 | 3 | 2 | 0 | 0 | -1 | 0 |
| | | | | | | Million dozen | | | | | |
| Eggs | 5,802 | 1,476 | 1,428 | 1,421 | 1,446 | 5,771 | 1,430 | 1,385 | 1,400 | 1,430 | 5,645 |
| % change | 2 | 2 | -1 | -1 | -2 | -1 | -3 | -3 | -1 | -1 | -2 |
| Prices | | | | | | Dollars per cwt | | | | | |
| Choice steers, Omaha 1000-1100 lb. | 64.60 | 68.28 | 72.81 | 66.92 | 70.14 | 69.54 | 71-75 | 72-78 | 68-74 | 69-75 | 70-76 |
| Barrows and gilts, 7-markets | 51.69 | 44.74 | 45.90 | 44.24 | 38.66 | 43.39 | 40-44 | 44-50 | 42-48 | 42-48 | 42-48 |
| Slaughter lambs, Ch., San Angelo | 78.08 | 81.51 | 69.52 | 58.23 | 66.11 | 68.84 | 74-80 | 63-69 | 59-65 | 58-64 | 63-69 |
| | | | | | | Cents per pound | | | | | |
| Broilers, 12-city avg. | 47.4 | 45.4 | 55.6 | 66.1 | 57.9 | 56.3 | 56-60 | 54-60 | 53-59 | 49-55 | 53-59 |
| Turkeys, Eastern region | 57.8 | 48.9 | 51.4 | 72.6 | 72.4 | 61.3 | 58-62 | 55-61 | 67-73 | 72-78 | 63-69 |
| | | | | | | Cents per dozen | | | | | |
| Eggs New York | 61.6 | 55.0 | 53.3 | 72.9 | 67.3 | 62.1 | 67-71 | 61-67 | 69-75 | 74-80 | 67-73 |

1/ Forecast. 2/ Federally inspected. 3/ Includes broilers, turkeys, and mature chickens. 4/ Wholesale weighted average. 5/ Wholesale, 8- to 16-pound young hens. 6/ Cartoned, consumer Grade A large, sales to volume buyers.

## Factors Affecting Livestock And Poultry

### *Economy Continues To Grow*

Continued growth in the general economy is expected in 1989, but at a slower pace than either of the past 2 years. Real GNP growth may average only 2.5 to 3 percent in 1989 versus 3.8 percent in 1988 and 3.4 percent a year earlier. Slower growth has been anticipated for some time, and is viewed by some as necessary to keep the inflation rate in the 3.5-to-4.5-percent range. However, even with moderation, the economy is still expected to remain generally strong at the beginning of the seventh year of expansion -- the second longest on record.

The prime interest rate is expected to average 10.5 to 11 percent in 1989, compared with 9.3 percent in 1988. Short-term interest rates may continue to rise in the next few months. Recent testimony by the Chairman of the Federal Reserve Board suggests a strong anti-inflation stance and some dissatisfaction with the current inflation levels. The interest rate outlook depends on the rate of inflation and growth in the economy. If inflation continues in the 3.5-to-4.5-percent range, and the economy grows around 3 percent, the prime rate might moderate somewhat in late 1989.

The dollar is expected to continue to drop slowly, although it is likely to be quite volatile. The U.S. trade deficit continues to pressure the dollar; however, the general belief that the Federal Reserve will take whatever steps necessary to control inflation is somewhat supporting.

Livestock producers may need the income gains from a growing economy to support higher prices this year. Record meat supplies will tend to hold down price gains in 1989. However, rising costs associated with processing and marketing beef, pork, and poultry products in new forms and higher value will push retail meat prices up in the coming months. Rising disposable income in 1988 supported higher retail meat prices at a time of record supplies. Without these income gains to help offset the increased prices, meat demand likely would have declined.

There is another reason for the livestock sector to view rising incomes as a necessary ingredient for improved prices. Since 1980, consumers have spent a smaller share of disposable income on meat products, regardless of the health of the general economy. The share of income spent on meat in 1988 is estimated at 2.6 percent, down nearly a third from a decade earlier. Over the past 10 years, beef and pork have been the most susceptible to this decline, falling nearly 40 and 30 percent, respectively. Expenditures on poultry products have remained nearly unchanged over this period. During the period, broiler consumption has jumped 40 percent and turkey 80 percent.

Livestock producers depend on a strong economy to sustain meat demand, particularly during times of record supplies, and risk feeling the impact of an ailing economy almost immediately if the current slowdown turns into a recession. The signs continue to point to modest growth in the U.S. economy and higher meat prices from the retail level back to the producer, but if things begin to take a turn for the worse, livestock and poultry prices would be weaker.

### *Grain Supplies Decline - Prices Stable*

Corn stocks at the end of 1988/1989 are expected to drop to 39 percent of ending 1987/88 levels. The smaller supplies have pushed prices higher, but have not resulted in much reduction in use. Strong world demand has resulted in an expanded use estimate of 7.5 billion bushels, still below 1987/88's 7.7 billion bushels, but above 1986/87's 7.4 billion. Disappearance during the the first quarter of the marketing year was down only 3 percent from the same period in 1987. Feed use was down over 10 percent, while exports were up 21 percent. For the entire year, use of corn as livestock feed is expected to drop about 10 percent, with a 15-percent gain in corn exports partially offsetting this decline. Total disappearance is estimated to reach 82 percent of available supplies, similar to the drought years of 1980/81 and 1983/84, but well above the 60 to 65 percent utilization rate of the past couple of years.

A return to smaller carry-over stocks occurred during the 1970's when total disappearance averaged 85 percent of available supplies. During the 1980's decade, exports accounted for one-fourth of total disappearance, and while overseas grain shipments declined in the early 1980's, they have increased the last 3 years. Livestock feed continues to be the dominant use of corn in this country, accounting for nearly 60 percent of total disappearance including exports of roughly 80 percent of domestic use.

The drawdown in corn stocks for domestic use and for export is forecast to reduce ending stocks to 1.7 billion bushels, 60 percent below a year earlier but still above carry-over supplies from the 1983/84 drought years. Farm price of corn is expected to average $2.40 to $2.70 per bushel this year. Weather will become the dominant price making factor through the 1989 growing season. Acreage reduction requirements for program compliance were reduced to a 10-percent cutback versus 20 percent in 1988. This additional acreage planted to corn should allow stocks to be rebuilt over the next year, resulting in lower prices if current dry conditions in many areas improve.

### *Hay Stocks Decline*

Several areas continue to report poor range and pasture conditions but generally they have improved across the country in recent weeks. Lack of adequate grazing in these areas has increased the need for supplemental feed and reduced available hay supplies. Total hay stocks on farms December 1,

Table 2--Hay acreage, production, and stocks

| Item | 1986 | 1987 | 1988 | 1988 / 1987 |
|---|---|---|---|---|
| | | | | Percent |
| | | 1,000 acres | | |
| Acreage | 62,419 | 60,748 | 65,559 | 108 |
| | | 1,000 tons | | |
| Production | 155,529 | 149,302 | 126,817 | 85 |
| Stocks on farms | | | | |
| May 1 | 26,698 | 32,418 | 27,353 | 84 |
| December 1 | 121,734 | 119,845 | 90,887 | 76 |

1988, were 24 percent below a year earlier. Some of the areas hardest hit by continued dry subsoil also reported sharp draw-downs in hay supplies. Most of the Plains and Western States were able to keep supplies from falling as much as the U.S. average, but several States in the Great Lakes region and Corn Belt report hay prices up sharply from a year earlier.

Winter wheat acreage is up from a year earlier in the Southern Plains, but dry conditions have forced some early movement of livestock off pastures. Wheat plantings in Kansas jumped 20 percent from 1988, yet subsoil moisture levels continue to average one-half inch below normal. Southern Texas also is reporting low soil moisture levels on 8 percent greater acreage.

## Meat Overview

Commercial red meat and poultry production is expected to rise less than 1 percent in 1989, after increasing 3 percent in 1988 to a record amount. Another year of record production will pressure prices; however, the expected gains in income may more than offset the burdensome supply.

Although feed costs are expected to moderate in second-half 1989, producers' profitability will depend on weather conditions throughout the 1989 growing season.

Red meat production is expected to decline 2 percent in 1989, following a 3-percent increase in 1988. Pork production is expected to decline because of a slump in producers' returns in late 1988. The slump is likely to continue throughout most of 1989. Beef production is expected to decline 3 percent, after showing little change last year. Beef producers are beginning to expand their herds, after 5 years of a generally slow decline. The expansion is in response to favorable returns to cow-calf producers since 1986 and prospects for good returns again in 1989.

Poultry production is expected to be up 5 percent in 1989, following a 3-percent rise in 1988. Broiler production is expected to rise 5 percent in 1989, after a 3-percent gain in 1988. Despite high production costs, sharply higher wholesale prices enabled broiler producers to have another good year in 1988. In 1989, returns may be reduced by high production costs while prices remain about unchanged from last year. Turkey production is expected to rise about 4 percent in 1989, after 2 years of lackluster returns. With lower feed costs and seasonally higher turkey prices, turkey production may turn profitable in second-half 1989 costs.

## Livestock And Red Meat

### Cattle

***Cattle Inventory Set To Expand***

Cattle inventory estimates indicate beef producers are beginning to expand their breeding herds. The inventory of all cattle and calves on January 1, 1989, totaled 99.5 million head, down only fractionally from a year earlier but still the lowest since 1961. The larger-than-expected 1989 numbers, partially reflecting upward revisions to the 1988 inventory, result in significant changes in the outlook for 1989 and beyond. This year likely marks the beginning of herd expansion following 7 years of declines. However, last summer's drought and dry conditions in many areas through mid-winter will weigh heavily on breeding and culling decisions this year. Obviously, producers are attempting to maintain their breeding herds as indicated by changes in North Dakota where the cattle inventory declined 11 percent but beef cows were only down 5 percent.

The inventory of cows and heifers that have calved increased 1 percent in 1988--a sign that the industry has begun the first phase of rebuilding the Nation's cow herd. Beef cow numbers totaled 33.7 million on January 1, 1989, 2 percent above 1988. Dairy cows declined 1 percent to 10.2 million head--fewer than 100,000 below a year earlier.

**U.S. Cattle and Calf Inventory**

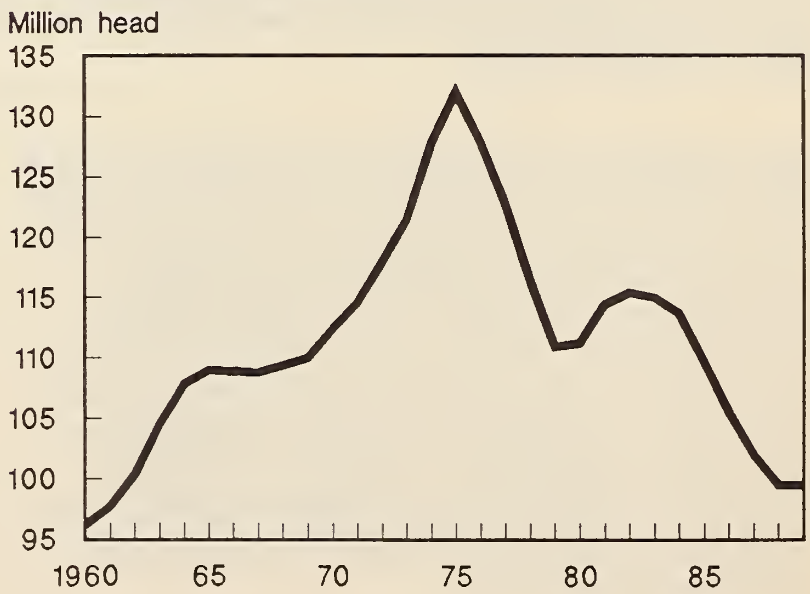
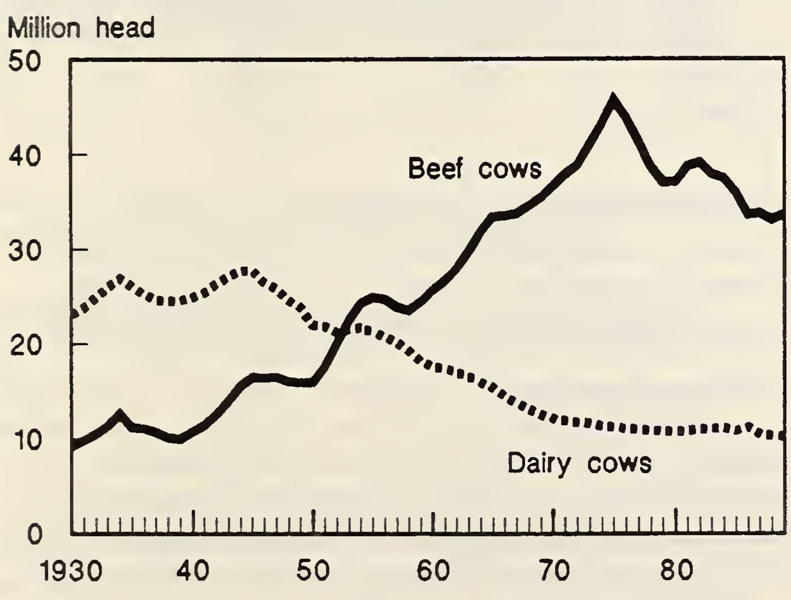


Table 3--Cattle balance sheet

| Year | On farms Jan. 1 | Im-ports | Calf crop | Total supply | Slaughter: Cattle | Slaughter: Calves | Death loss | Ex-ports | Disap-pearance | To balance | On farms Dec. 31 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | 1,000 head | | | | | | |
| 1950 | 77,963 | 461 | 34,899 | 113,323 | 18,614 | 10,501 | 3,742 | 8 | 32,865 | +1,625 | 82,083 |
| 1951 | 82,083 | 239 | 35,825 | 118,147 | 17,084 | 8,902 | 3,863 | 8 | 29,857 | -218 | 88,072 |
| 1952 | 88,072 | 140 | 38,273 | 126,485 | 18,625 | 9,388 | 4,034 | 11 | 32,058 | -186 | 94,241 |
| 1953 | 94,241 | 198 | 41,261 | 135,700 | 24,465 | 12,200 | 4,060 | 15 | 40,740 | +719 | 95,679 |
| 1954 | 95,679 | 86 | 42,601 | 138,366 | 25,889 | 13,270 | 4,063 | 21 | 43,243 | +1,469 | 96,592 |
| 1955 | 96,592 | 314 | 42,112 | 139,018 | 26,587 | 12,864 | 4,052 | 35 | 43,538 | +420 | 95,900 |
| 1956 | 95,900 | 159 | 41,376 | 137,435 | 27,755 | 12,999 | 3,912 | 37 | 44,703 | +128 | 92,860 |
| 1957 | 92,860 | 728 | 39,905 | 133,493 | 27,068 | 12,353 | 3,801 | 44 | 43,266 | +949 | 91,176 |
| 1958 | 91,176 | 1,152 | 38,860 | 131,188 | 24,368 | 9,738 | 3,810 | 26 | 37,942 | +76 | 93,322 |
| 1959 | 93,322 | 709 | 38,938 | 132,969 | 23,722 | 8,072 | 3,876 | 51 | 35,721 | -1,012 | 96,236 |
| 1960 | 96,236 | 663 | 39,416 | 136,315 | 26,029 | 8,615 | 4,100 | 32 | 38,776 | +161 | 97,700 |
| 1961 | 97,700 | 1,043 | 40,180 | 138,923 | 26,471 | 8,080 | 4,018 | 24 | 38,593 | +39 | 100,369 |
| 1962 | 100,369 | 1,250 | 41,441 | 143,060 | 26,911 | 7,857 | 4,125 | 19 | 38,912 | +340 | 104,488 |
| 1963 | 104,488 | 852 | 42,268 | 147,608 | 28,070 | 7,204 | 4,040 | 23 | 39,337 | -368 | 107,903 |
| 1964 | 107,903 | 547 | 43,809 | 152,259 | 31,678 | 7,632 | 4,232 | 62 | 43,604 | +345 | 109,000 |
| 1965 | 109,000 | 1,128 | 43,922 | 154,050 | 33,171 | 7,788 | 4,248 | 54 | 45,261 | +73 | 108,862 |
| 1966 | 108,862 | 1,100 | 43,537 | 153,499 | 34,173 | 6,863 | 4,049 | 35 | 45,120 | +404 | 108,783 |
| 1967 | 108,783 | 752 | 43,803 | 153,338 | 34,297 | 6,110 | 4,045 | 55 | 44,507 | +540 | 109,371 |
| 1968 | 109,371 | 1,039 | 44,315 | 154,725 | 35,418 | 5,616 | 4,012 | 36 | 45,082 | +372 | 110,015 |
| 1969 | 110,015 | 1,042 | 45,177 | 156,234 | 35,573 | 5,011 | 4,123 | 39 | 44,746 | +881 | 112,369 |
| 1970 | 112,369 | 1,168 | 45,871 | 159,408 | 35,356 | 4,203 | 4,297 | 88 | 43,944 | -886 | 114,578 |
| 1971 | 114,578 | 991 | 46,738 | 162,307 | 35,905 | 3,825 | 4,442 | 93 | 44,265 | -180 | 117,862 |
| 1972 | 117,862 | 1,186 | 47,682 | 166,730 | 36,134 | 3,201 | 5,126 | 104 | 44,565 | -626 | 121,539 |
| 1973 | 121,539 | 1,039 | 49,194 | 171,772 | 34,102 | 2,404 | 6,487 | 273 | 43,266 | -718 | 127,788 |
| 1974 | 127,788 | 568 | 50,873 | 179,229 | 37,353 | 3,175 | 6,110 | 204 | 46,842 | -359 | 132,028 |
| 1975 | 132,028 | 389 | 50,183 | 182,600 | 41,464 | 5,406 | 6,992 | 196 | 54,058 | -562 | 127,980 |
| 1976 | 127,980 | 984 | 47,384 | 176,348 | 43,199 | 5,527 | 5,190 | 205 | 54,121 | +583 | 122,810 |
| 1977 | 122,810 | 1,133 | 45,931 | 169,874 | 42,381 | 5,692 | 6,000 | 107 | 54,180 | +681 | 116,375 |
| 1978 | 116,375 | 1,253 | 43,818 | 161,446 | 39,970 | 4,302 | 5,800 | 122 | 50,194 | -388 | 110,864 |
| 1979 | 110,864 | 732 | 42,596 | 154,192 | 34,005 | 2,927 | 5,600 | 66 | 42,598 | -352 | 111,242 |
| 1980 | 111,242 | 681 | 44,938 | 156,861 | 34,116 | 2,679 | 5,413 | 66 | 42,274 | -236 | 114,351 |
| 1981 | 114,351 | 680 | 44,666 | 159,697 | 35,265 | 2,886 | 5,059 | 88 | 43,298 | -955 | 115,444 |
| 1982 | 115,444 | 1,005 | 44,200 | 160,649 | 36,158 | 3,106 | 5,429 | 58 | 44,751 | -897 | 115,001 |
| 1983 | 115,001 | 921 | 43,925 | 159,847 | 36,974 | 3,162 | 5,494 | 56 | 45,686 | -461 | 113,700 |
| 1984 | 113,700 | 753 | 42,500 | 156,953 | 37,892 | 3,367 | 5,464 | 71 | 46,794 | -410 | 109,749 |
| 1985 | 109,749 | 836 | 41,045 | 151,630 | 36,593 | 3,455 | 5,046 | 125 | 45,219 | -943 | 105,468 |
| 1986 | 105,468 | 1,407 | 41,141 | 148,016 | 37,568 | 3,478 | 4,998 | 108 | 46,152 | +136 | 102,000 |
| 1987 | 102,000 | 1,200 | 40,086 | 143,286 | 35,890 | 2,902 | 4,800 | 131 | 43,723 | -39 | 99,524 |
| 1988 | 99,524 | 1,332 | 40,872 | 141,728 | 35,310* | 2,550* | 4,680* | 321 | 42,861* | +617* | 99,484 |
| 1989 | 99,484 | | | | | | | | | | |

*Preliminary.

**U.S. January 1 Cow Inventory, 1930-89**




Beef replacement heifers being held for the breeding herds rose 5 percent to 5.5 million head at the beginning of the year, the largest inventory since 1985. A sizable number of these heifers likely came from the 1988 calf crop. Thus, a large proportion will not be bred for the first time until this year and won't calve until 1990. And even then, moisture conditions will play an important role in determining how many of these heifers calve and enter the cow herd even in 1990.

Dairy replacement heifers increased 2 percent from a year earlier. Dairy cow slaughter rose 1 percent above a year earlier in 1988 and remained large in early 1989 due to reduced profitability.

Heifers entering beef and dairy cow herds during the second half of 1988 increased 20 percent from a year earlier, following a 14-percent increase during the first half of the year. Beef replacement heifers entering cow herds accounted for most of the increase, 29 percent above the 1987 level. The increase in dairy heifers was far smaller, totaling only 4 percent above 1987.

The 1988 calf crop was expected to total 40.2 million head when estimated in the July 1988 inventory report. However, the January 1989 estimate was 40.9 million head, thus providing a larger-than-anticipated base for feedlot placements through the summer of 1989. However, placements still should remain below 1988 levels.

Total inventories likely will turn around during 1989. Reduced cow slaughter and higher heifer retention could push the 1990 cattle inventory above 1989, but the strength of any expansion remains uncertain. Commercial cow slaughter is forecast to fall about 3 percent in 1989 to about 14 percent of beginning inventories. This would be down from 14.6 percent in 1988 and 14.9 percent in 1987.

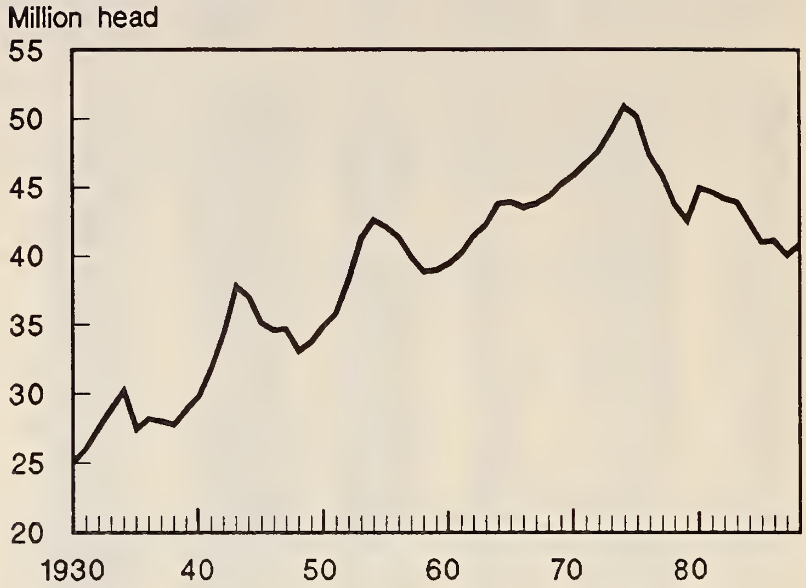
One key factor in determining future culling rates from cow herds and the rate of heifer retention will be profitability within the cow-calf sector. Estimated cash returns to producers remained positive during 1988, but averaged slightly below 1987's $55-per cow. Further declines in profits are forecast for 1989 as drought induced feed and forage production costs rise and prices received for calves and cows increase only modestly. Still, returns are expected to exceed $40 per head, which would be the fourth consecutive year of positive returns to cow-calf producers. However, returns are expected to remain well below the $60-to-$120-range in 1978-80 which encouraged expansion in the cattle inventory.

#### *Feeder Cattle Supplies To Remain Tight*

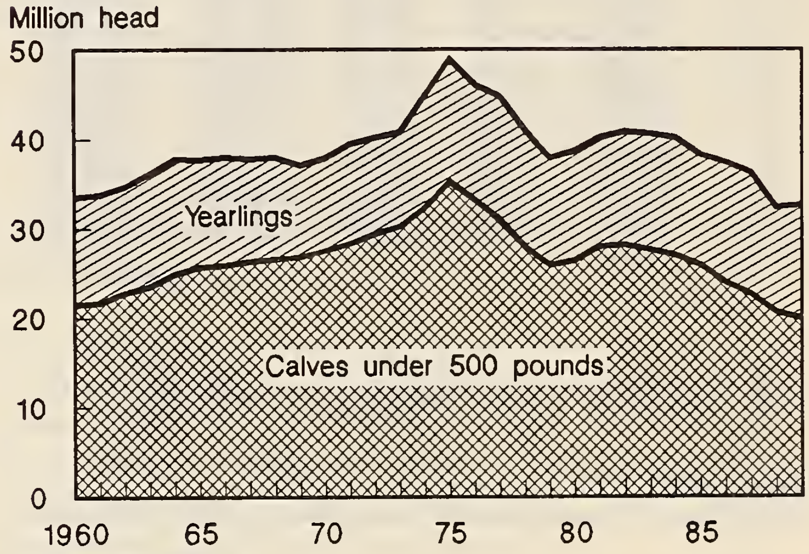
Feeder cattle supplies will remain somewhat tight during 1989, but this likely will be the last year of declining inventories. Feeder cattle supplies outside of feedlots on January 1, 1989, were down 2 percent from 1988 and the lowest since 1961. Reduced calf crops over the past several years and the trend toward heavier calves at weaning resulted in a 3-percent decline in calves outside feedlots. A 27-percent reduction in calves on feed on January 1 helped offset part of the 4-percent decline of calves under 500 pounds in the inventory. An addition, calf slaughter fell 400,000 head or 11 percent during 1988. This reduced supply of calves outside feedlots will keep calf prices at a premium for much of 1989. January 1, 1989, yearling feeder cattle supplies rose 1 percent over a year ago. Steer inventories over 500 pounds on January 1 were unchanged from a year earlier, and other heifers available for feedlot placement were down 2 percent.

Feeder cattle from Mexico and Canada have helped offset the reduction in domestic supplies over the past couple of years. However, supplies from these sources are expected to decline from the 1.33 million head that came across the border last year, particularly if the Mexican Government's feeder cattle export tax remains in place. The tight supply situation already has raised feeder cattle prices. Yearling cattle available for feedlot placement were trading above $80 per cwt in mid-February which pushes estimated feedlot

**U.S. January 1 Calf Crop, 1930-88**




**Feeder Cattle Supply***




* Outside feedlots Jan 1.

breakevens into the high $70's when these cattle are marketed this summer. If feedlot returns remain negative, demand for replacement cattle will diminish and possibly force yearling feeder cattle prices below the low $80 range.

#### *Fed Cattle Marketings To Decline*

January 1, 1989, feedlot inventories in the 13 quarterly reporting States were down 4 percent from a year earlier. Steers on feed were down 6 percent from a year ago while heifers were unchanged. A record proportion of these cattle were in the heaviest weight categories, and were sold by mid-February. Placements last fall exceeded feedlot marketings, but still were the lowest for the fall quarter since 1981. Larger numbers of cattle were forced off wheat pasture in January and February because of dry weather and about offset reduced feeder cattle imports from Mexico. Continuation of the large feeder cattle export tax implemented by the

Table 4--Heifers entering cow herd January-June and July-December

| Year | Jan. 1 cow inventory | Intended herd replacements Jan. 1 | Total 1/ disappearance Jan.-June | July 1 cow inventory | Heifers: Entering herd Jan.-June | Heifers: Percent entering | Intended herd replacements July 1 | Total 2/ disappearance July-Dec. | Jan. 1 cow inventory following year | Heifers: Entering herd July-Dec. | Heifers: Percent entering |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | 1,000 head | | | Percent | | 1,000 head | | | Percent |
| 1973 | 52,553 | 11,306 | 3,550 | 54,037 | 5,034 | 44.5 | 11,144 | 3,496 | 54,478 | 3,937 | 35.3 |
| 1974 | 54,478 | 12,134 | 3,625 | 56,960 | 6,107 | 50.3 | 11,780 | 4,702 | 56,931 | 4,673 | 39.7 |
| 1975 | 56,931 | 12,971 | 5,212 | 58,053 | 6,336 | 48.8 | 11,306 | 7,197 | 54,971 | 4,118 | 36.4 |
| 1976 | 54,971 | 11,148 | 5,628 | 53,938 | 4,595 | 41.2 | 10,475 | 5,811 | 52,441 | 4,314 | 41.2 |
| 1977 | 52,441 | 10,414 | 5,221 | 52,190 | 4,970 | 47.7 | 9,846 | 5,429 | 49,635 | 2,874 | 29.2 |
| 1978 | 49,635 | 9,744 | 4,961 | 48,413 | 3,739 | 38.4 | 9,340 | 4,253 | 47,852 | 3,692 | 39.5 |
| 1979 | 47,852 | 9,459 | 3,413 | 47,815 | 3,376 | 35.7 | 9,885 | 3,235 | 47,866 | 3,286 | 33.2 |
| 1980 | 47,866 | 10,101 | 3,304 | 49,941 | 5,379 | 53.3 | 10,214 | 3,748 | 49,622 | 3,429 | 33.6 |
| 1981 | 49,622 | 10,481 | 3,599 | 51,004 | 4,981 | 47.5 | 10,856 | 3,788 | 50,216 | 3,000 | 27.6 |
| 1982 | 50,216 | 11,147 | 3,925 | 49,990 | 3,699 | 33.2 | 10,900 | 4,182 | 48,986 | 3,178 | 29.2 |
| 1983 | 48,986 | 10,881 | 3,885 | 49,600 | 4,499 | 41.3 | 10,680 | 4,447 | 48,603 | 3,450 | 32.3 |
| 1984 | 48,603 | 10,715 | 4,564 | 48,700 | 4,661 | 43.5 | 10,450 | 4,782 | 46,174 | 2,293 | 21.9 |
| 1985 | 46,174 | 10,302 | 3,971 | 46,300 | 4,097 | 39.8 | 9,900 | 4,113 | 44,810 | 2,625 | 26.5 |
| 1986 | 44,810 | 9,910 | 4,338 | 45,000 | 4,526 | 45.7 | 9,500 | 4,295 | 44,282 | 3,577 | 37.7 |
| 1987 | 44,282 | 9,495 | 3,698 | 44,400 | 3,816 | 40.2 | 9,400 | 3,577 | 43,411 | 2,588 | 27.5 |
| 1988 | 43,411 | 9,343 | 3,464 | 44,300 | 4,353 | 46.6 | 9,200 | 3,524 | 43,887 | 3,111 | 33.8 |
| 1989 | 43,887 | 9,704 | | | | | | | | | |

1/ Death loss calculated as 1 percent of January 1 cow inventory plus estimated commercial cow slaughter. 2/ Death loss calculated as 1/2 percent of January 1 cow inventory plus estimated commercial cow slaughter.

Table 5--Commercial calf slaughter and production

| Year | Slaughter | Dressed weight | Production |
|---|---|---|---|
| | 1,000 head | Pounds | Million pounds |
| 1986 | | | |
| I | 873 | 148 | 129 |
| II | 836 | 154 | 129 |
| III | 859 | 150 | 129 |
| IV | 839 | 145 | 122 |
| Year | 3,408 | 149 | 509 |
| 1987 | | | |
| I | 760 | 147 | 112 |
| II | 651 | 155 | 101 |
| III | 684 | 145 | 99 |
| IV | 720 | 144 | 104 |
| Year | 2,815 | 148 | 416 |
| 1988 | | | |
| I | 647 | 150 | 97 |
| II | 567 | 162 | 92 |
| III | 664 | 149 | 99 |
| IV | 626 | 158 | 99 |
| Year | 2,504 | 155 | 387 |

Table 6--Calf slaughter by class under Federal inspection

| Year | Bob veal 150 lb. & below | Fed, 150-400 lb.: Formula | Fed, 150-400 lb.: Non-formula | Other over 400 lb. | Total |
|---|---|---|---|---|---|
| | | | 1,000 head | | |
| 1986 | 1,618.6 | 1,009.3 | 285.9 | 281.0 | 3,194.8 |
| 1987 | | | | | |
| Jan. | 115.9 | 87.1 | 15.1 | 29.5 | 247.6 |
| Feb. | 104.5 | 82.2 | 13.3 | 24.7 | 224.7 |
| Mar. | 120.5 | 90.2 | 13.8 | 26.6 | 251.1 |
| Apr. | 89.4 | 86.8 | 15.5 | 23.2 | 214.9 |
| May | 70.0 | 80.7 | 14.4 | 24.0 | 189.1 |
| Jun. | 81.3 | 94.2 | 13.3 | 25.7 | 214.5 |
| Jul. | 101.3 | 80.8 | 12.1 | 26.0 | 220.2 |
| Aug. | 101.6 | 64.2 | 14.8 | 21.8 | 202.4 |
| Sept. | 99.4 | 91.0 | 14.0 | 24.2 | 228.6 |
| Oct. | 102.8 | 85.6 | 19.3 | 25.4 | 233.1 |
| Nov. | 103.5 | 70.4 | 12.3 | 25.1 | 211.3 |
| Dec. | 117.6 | 89.5 | 13.5 | 21.3 | 241.9 |
| Year | 1,207.8 | 1,002.7 | 171.4 | 297.5 | 2,679.4 |
| 1988 | | | | | |
| Jan. | 92.5 | 82.0 | 12.5 | 18.1 | 205.1 |
| Feb. | 86.5 | 84.9 | 16.2 | 15.2 | 202.8 |
| Mar. | 96.3 | 92.8 | 11.4 | 15.3 | 215.8 |
| Apr. | 65.3 | 78.7 | 10.8 | 14.3 | 169.1 |
| May | 58.1 | 80.7 | 17.1 | 15.4 | 171.3 |
| Jun. | 82.1 | 90.4 | 14.2 | 17.1 | 203.8 |
| July | 106.3 | 74.2 | 14.1 | 12.4 | 207.0 |
| Aug. | 111.7 | 86.3 | 12.2 | 16.7 | 226.9 |
| Sept. | 92.7 | 85.0 | 13.1 | 16.5 | 207.3 |
| Oct. | 84.6 | 84.7 | 11.9 | 15.8 | 197.0 |
| Nov. | 94.7 | 81.4 | 11.3 | 14.1 | 201.5 |
| Dec. | 95.1 | 82.2 | 11.1 | 14.2 | 202.6 |
| Year | 1,065.9 | 1,003.3 | 155.9 | 185.1 | 2,410.2 |

Mexican Government in October 1988 could further reduce imports and feeder cattle placements this winter.

Cattle on feed in the seven monthly reporting States on February 1 were 2 percent below a year earlier and the 1983-88 average for this date. Marketings during January were 5 percent below last year's level in spite of the large number of heavyweight cattle on feed on January 1. Net placements were 3 percent above a year ago and 11 percent above the 1983-88 average. These were the largest placements for this month since 1974. Placements rose to such large levels primarily because of poor wheat pasture conditions which have forced large numbers of cattle off pastures since December. Wheat conditions were probably the poorest in Kansas where placements increased 31 percent.

Feedlot returns during the spring and summer quarters are expected to remain negative, with placements remaining below a year ago. Continued heifer retention also will tighten feeder cattle supplies, resulting in reduced fed cattle marketings in 1989. Nonfed steer and heifer slaughter already has been sharply reduced and will remain near to slightly below the low levels of 1989. With at least average forage conditions in 1989, cattle feeders will not be able to pay the high premium necessary to bid lighter weight cattle off grass which will further delay placement on feed and expected marketing dates.

Slaughter cattle price levels will need to average \$76 to \$78 before many feedlots will think seriously about filling empty

pen space with high-priced feeder cattle. Thus, there remains some price risk for stocker operations selling cattle off grass this spring. Slaughter cattle prices are expected to average in the mid-$70's this spring and the low $70's this summer. Stronger slaughter cattle prices would require more demand from consumers who already are paying near record prices for retail beef cuts. Also, consumers will have even larger supplies of competing meats in 1989 from which to choose.

### *Beef Production To Decline in 1989*

Beef production is expected to decline about 3 percent in 1989. Increased heifer retention and the lowest feeder cattle supplies since 1961 will hold down feedlot placements and fed cattle marketings. For the year, feeder cattle placements may decline about 2 percent, while fed cattle marketings could drop 3 percent. Cow slaughter also may decline about 3 percent as an older beef herd and larger dairy cow

Table 7--Federally inspected cattle slaughter

| Week ended | Cattle | | | Steers | | | Cows: Total | | | Cows: Dairy | | | Cows: Dairy/total | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1987 | 1988 | 1989 | 1987 | 1988 | 1989 | 1987 | 1988 | 1989 | 1987 | 1988 | 1989 | 1987 | 1988 | 1989 |
| | Thousands | | | | | | | | | | | | Percent | | |
| Jan. | | | | | | | | | | | | | | | |
| 7 | 741 | 664 | 543 | 349 | 328 | 256 | 148 | 132 | 119 | 66 | 64 | 64 | 45 | 48 | 54 |
| 14 | 766 | 722 | 627 | 360 | 358 | 290 | 151 | 127 | 131 | 67 | 63 | 68 | 44 | 50 | 52 |
| 21 | 707 | 701 | 654 | 336 | 353 | 313 | 124 | 125 | 129 | 61 | 59 | 65 | 49 | 47 | 50 |
| 28 | 673 | 673 | 640 | 332 | 340 | 310 | 128 | 117 | 124 | 64 | 56 | 62 | 50 | 48 | 50 |
| Feb. | | | | | | | | | | | | | | | |
| 4 | 674 | 644 | 624 | 316 | 335 | 300 | 135 | 114 | 113 | 67 | 57 | 60 | 50 | 50 | 53 |
| 11 | 621 | 636 | | 303 | 332 | | 119 | 103 | | 59 | 53 | | 50 | 51 | |
| 18 | 602 | 637 | | 292 | 316 | | 109 | 118 | | 55 | 59 | | 50 | 50 | |
| 25 | 657 | 640 | | 326 | 317 | | 121 | 121 | | 65 | 58 | | 54 | 48 | |
| Mar. | | | | | | | | | | | | | | | |
| 4 | 678 | 618 | | 337 | 307 | | 127 | 115 | | 67 | 57 | | 53 | 50 | |
| 11 | 646 | 609 | | 311 | 298 | | 124 | 105 | | 58 | 54 | | 47 | 52 | |
| 18 | 624 | 622 | | 300 | 312 | | 111 | 106 | | 55 | 54 | | 49 | 51 | |
| 27 | 616 | 607 | | 303 | 304 | | 116 | 108 | | 58 | 53 | | 50 | 49 | |
| Apr. | | | | | | | | | | | | | | | |
| 1 | 652 | 617 | | 328 | 315 | | 121 | 106 | | 57 | 51 | | 47 | 48 | |
| 8 | 649 | 600 | | 333 | 300 | | 114 | 101 | | 51 | 50 | | 45 | 50 | |
| 15 | 681 | 619 | | 349 | 315 | | 119 | 110 | | 52 | 54 | | 44 | 49 | |
| 22 | 639 | 670 | | 330 | 349 | | 117 | 108 | | 48 | 49 | | 41 | 45 | |
| 29 | 635 | 674 | | 321 | 356 | | 118 | 109 | | 48 | 50 | | 41 | 46 | |
| May | | | | | | | | | | | | | | | |
| 6 | 631 | 664 | | 309 | 358 | | 116 | 105 | | 46 | 47 | | 40 | 45 | |
| 13 | 700 | 663 | | 348 | 344 | | 124 | 108 | | 50 | 47 | | 37 | 44 | |
| 20 | 695 | 682 | | 355 | 348 | | 131 | 118 | | 49 | 48 | | 37 | 41 | |
| 27 | 613 | 689 | | 308 | 355 | | 107 | 125 | | 43 | 52 | | 40 | 42 | |
| June | | | | | | | | | | | | | | | |
| 3 | 680 | 575 | | 351 | 298 | | 117 | 96 | | 50 | 39 | | 43 | 41 | |
| 10 | 669 | 681 | | 340 | 336 | | 115 | 121 | | 49 | 51 | | 43 | 42 | |
| 17 | 649 | 678 | | 320 | 338 | | 123 | 129 | | 49 | 53 | | 40 | 41 | |
| 24 | 680 | 677 | | 339 | 344 | | 129 | 120 | | 52 | 50 | | 40 | 42 | |
| July | | | | | | | | | | | | | | | |
| 1 | 621 | 682 | | 316 | 348 | | 109 | 119 | | 47 | 50 | | 43 | 42 | |
| 8 | 652 | 609 | | 338 | 306 | | 114 | 108 | | 51 | 51 | | 45 | 48 | |
| 15 | 682 | 724 | | 339 | 341 | | 128 | 135 | | 53 | 62 | | 41 | 46 | |
| 22 | 672 | 691 | | 333 | 360 | | 121 | 116 | | 51 | 55 | | 42 | 47 | |
| 29 | 676 | 694 | | 339 | 346 | | 123 | 112 | | 56 | 57 | | 46 | 51 | |
| Aug. | | | | | | | | | | | | | | | |
| 5 | 694 | 675 | | 335 | 336 | | 123 | 111 | | 58 | 54 | | 47 | 49 | |
| 12 | 713 | 694 | | 354 | 346 | | 124 | 112 | | 58 | 57 | | 47 | 50 | |
| 19 | 692 | 688 | | 336 | 337 | | 129 | 115 | | 63 | 54 | | 49 | 47 | |
| 26 | 706 | 678 | | 341 | 328 | | 132 | 121 | | 66 | 58 | | 50 | 48 | |
| Sept | | | | | | | | | | | | | | | |
| 2 | 690 | 703 | | 324 | 328 | | 119 | 115 | | 54 | 55 | | 45 | 48 | |
| 9 | 624 | 614 | | 293 | 288 | | 100 | 101 | | 44 | 49 | | 44 | 49 | |
| 16 | 729 | 692 | | 337 | 333 | | 122 | 124 | | 53 | 58 | | 43 | 47 | |
| 23 | 677 | 672 | | 312 | 332 | | 123 | 119 | | 57 | 58 | | 46 | 49 | |
| Oct. | | | | | | | | | | | | | | | |
| 3 | 684 | 667 | | 324 | 316 | | 116 | 118 | | 53 | 58 | | 46 | 49 | |
| 7 | 690 | 674 | | 340 | 309 | | 120 | 125 | | 53 | 57 | | 44 | 46 | |
| 14 | 696 | 677 | | 338 | 311 | | 128 | 128 | | 55 | 56 | | 43 | 44 | |
| 21 | 676 | 671 | | 319 | 312 | | 136 | 131 | | 57 | 58 | | 42 | 44 | |
| 28 | 663 | 676 | | 315 | 311 | | 140 | 143 | | 59 | 64 | | 44 | 45 | |
| Nov. | | | | | | | | | | | | | | | |
| 4 | 649 | 655 | | 311 | 305 | | 140 | 140 | | 59 | 62 | | 41 | 44 | |
| 11 | 643 | 621 | | 301 | 298 | | 135 | 134 | | 56 | 62 | | 41 | 46 | |
| 18 | 648 | 623 | | 308 | 286 | | 141 | 140 | | 57 | 63 | | 40 | 45 | |
| 25 | 576 | 546 | | 280 | 260 | | 109 | 110 | | 46 | 51 | | 42 | 46 | |
| Dec. | | | | | | | | | | | | | | | |
| 2 | 646 | 648 | | 305 | 298 | | 139 | 145 | | 58 | 67 | | 42 | 46 | |
| 9 | 660 | 624 | | 311 | 300 | | 140 | 140 | | 60 | 66 | | 43 | 47 | |
| 16 | 638 | 623 | | 324 | 306 | | 114 | 125 | | 51 | 62 | | 45 | 50 | |
| 23 | 482 | 622 | | 242 | 305 | | 80 | 115 | | 39 | 58 | | 49 | 50 | |
| 30 | 561 | 548 | | 291 | 281 | | 86 | 90 | | 41 | 46 | | 48 | 51 | |

1/ Corresponding dates to 1989: 1987, Jan. 10; 1988, Jan. 9.

slaughter result in slaughter near 14 percent of the January 1 cow inventory. Nonfed steer and heifer slaughter may decline 5 percent, but slaughter already is at low levels. The sharpest year-to-year slaughter declines will occur in the second half of 1989, particularly if feedlot profits remain negative and first-half placements drop as a result.

Upward pressure on retail beef prices will intensify over the coming months. Current feedlot returns are running $10 to $15 per head below breakeven levels, and packer margins also remain very tight. Declines in hide values over the last quarter have taken most of the profit margin away from packers who have not been able to pull live cattle prices lower to reduce their losses. The alternative is to push beef prices higher, which, to some extent, has been successful based on recent increases in beef cut-out values.

Table 8 - Jan. 1 feeder cattle supply

| Item | 1986 | 1987 | 1988 | 1989 | 1989 / 1988 |
|---|---|---|---|---|---|
| | 1,000 head | | | | Percent change |
| Calves -500 lb | | | | | |
| On farms | 24,431 | 23,154 | 21,070 | 20,248 | -3.9 |
| On feed 1/ | 409 | 457 | 433 | 313 | -27.7 |
| Total | 24,022 | 22,697 | 20,637 | 19,935 | -3.4 |
| Steers & Heifers 500 lb + 2/ | | | | | |
| On farms | 24,057 | 22,865 | 23,537 | 23,425 | -.5 |
| On feed 1/ | 11,026 | 10,465 | 11,046 | 10,788 | -2.3 |
| Total | 13,031 | 12,400 | 12,491 | 12,637 | +1.2 |
| Total supply | 37,053 | 35,097 | 33,128 | 32,572 | -1.7 |

1/ Estimated U.S. steers and heifers. 2/ Not including heifers for cow replacements.

Table 9--Imports of feeder cattle and calves and hogs from Canada and Mexico

| Year | Feeder cattle and calves: Canada | Feeder cattle and calves: Mexico | Hogs: Canada |
|---|---|---|---|
| | | Number | |
| 1986 | | | |
| Oct. | 9,404 | 11,957 | 32,937 |
| Nov. | 13,938 | 203,827 | 21,013 |
| Dec. | 8,593 | 336,228 | 31,628 |
| Total | 227,538 | 1,155,931 | 503,715 |
| 1987 | | | |
| Jan. | 13,615 | 108,916 | 48,558 |
| Feb. | 19,154 | 131,631 | 20,745 |
| Mar. | 21,513 | 134,011 | 32,206 |
| Apr. | 28,569 | 92,943 | 47,763 |
| May | 27,497 | 46,567 | 31,270 |
| June | 35,431 | 95,977 | 35,143 |
| July | 14,568 | 28,333 | 40,183 |
| Aug. | 13,461 | 3,419 | 34,300 |
| Sept. | 11,138 | 12 | 37,560 |
| Oct. | 17,638 | 0 | 35,499 |
| Nov. | 20,549 | 4,950 | 31,787 |
| Dec. | 21,577 | 288,173 | 50,849 |
| Total | 244,710 | 934,932 | 445,863 |
| 1988 | | | |
| Jan. | 28,013 | 304,053 | 58,942 |
| Feb. | 29,193 | 233,635 | 43,759 |
| Mar. | 34,848 | 95,394 | 53,682 |
| Apr. | 30,899 | 58,169 | 55,393 |
| May | 44,319 | 32,816 | 51,366 |
| June | 41,631 | 5,043 | 62,137 |
| July | 25,098 | 0 | 53,360 |
| Aug. | 48,177 | 8 | 83,256 |
| Sept. | 56,200 | 0 | 104,310 |
| Oct. | 53,307 | 178 | 108,945 |
| Nov. | 56,006 | 4,184 | 106,901 |
| Dec. | 29,016 | 107,805 | 53,074 |
| Total | 476,707 | 841,285 | 835,125 |

Table 10--13-States cattle on feed, placements, marketings, and other disappearance

| Year | On feed 1/ | Percent change 2/ | Placements | Percent change 2/ | Fed marketings | Percent change 2/ | Other disapperance | Percent change 2/ |
|---|---|---|---|---|---|---|---|---|
| | 1,000 head | Percent | 1,000 head | Percent | 1,000 head | Percent | 1,000 head | Percent |
| 1985 | | | | | | | | |
| I | 10,653 | 7.3 | 5,315 | -3.4 | 5,907 | 3.4 | 373 | 2.2 |
| II | 9,688 | 3.7 | 5,206 | -6.5 | 5,787 | 3.0 | 437 | -24.9 |
| III | 8,670 | -.3 | 5,480 | -12.3 | 5,969 | 5.0 | 244 | -9.0 |
| IV | 7,937 | -11.8 | 7,365 | -3.0 | 5,224 | -5.1 | 324 | -22.3 |
| Year | --- | --- | 23,366 | -6.1 | 22,887 | 1.6 | 1,378 | -15.6 |
| 1986 | | | | | | | | |
| I | 9,754 | -8.4 | 5,270 | -.8 | 5,763 | -2.4 | 316 | -15.3 |
| II | 8,945 | -7.7 | 5,221 | +.3 | 5,821 | +.6 | 375 | -14.2 |
| III | 7,970 | -8.1 | 6,336 | 15.6 | 5,876 | -1.6 | 233 | -4.5 |
| IV | 8,197 | 3.3 | 6,756 | -8.3 | 5,396 | 3.3 | 312 | -3.7 |
| Year | --- | --- | 23,583 | .9 | 22,856 | -.1 | 1,236 | -10.3 |
| 1987 | | | | | | | | |
| I | 9,245 | -5.1 | 5,680 | 7.8 | 5,747 | -.3 | 371 | 17.4 |
| II | 8,807 | -1.5 | 5,906 | 13.1 | 5,619 | -3.5 | 428 | 14.1 |
| III | 8,666 | +8.7 | 6,590 | 4.0 | 6,022 | 2.5 | 242 | 3.9 |
| IV | 8,992 | 9.7 | 6,718 | -.6 | 5,603 | 3.8 | 338 | 8.3 |
| Year | --- | | 24,894 | 5.6 | 22,991 | .6 | 1,379 | 11.6 |
| 1988 | | | | | | | | |
| I | 9,769 | 5.7 | 5,824 | 2.5 | 5,823 | 1.3 | 385 | 3.8 |
| II | 9,385 | 6.6 | 5,893 | -.2 | 5,859 | 4.3 | 418 | -2.3 |
| III | 9,001 | 3.9 | 5,986 | -9.2 | 6,171 | 2.5 | 225 | -7.0 |
| IV | 8,591 | -4.5 | 6,650 | -1.0 | 5,486 | -2.1 | 347 | 2.7 |
| Year | --- | | 24,353 | -2.2 | 23,339 | 1.5 | 1,375 | -.3 |
| 1989 | | | | | | | | |
| I | 9,408 | -3.7 | | | 5,728 3/ | -1.6 | | |

1/ Beginning of quarter. 2/ Percent change from previous year. 3/ Expected marketings.

Willingness of consumers to pay higher prices for beef cuts remains a point of uncertainty and concern. It seems likely that retail beef prices will move higher over the next several months, but how much higher depends on relative prices and the degree to which consumers continue to switch over to pork and poultry products which will be plentiful and far less expensive. Retail prices for Choice beef rose 5 percent in 1988 to a record $2.55 a pound. Prices in 1989 may rise another 2 to 4 percent as per capita beef consumption declines 2 to 3 pounds. However, increases in poultry production will more than offset this decline, resulting in a record 220 pounds of red meat and poultry consumption in 1989.

Table 11--7-States cattle on feed, placements, and marketings

| Year | On feed | Percent change 1/ | Net placements | Percent change 1/ | Marketings | Percent change 1/ | Other dis- appearance | Percent change 1/ |
|---|---|---|---|---|---|---|---|---|
| | 1,000 head | Percent | 1,000 head | Percent | 1,000 head | Percent | 1,000 head | Percent |
| 1987 | | | | | | | | |
| Jan. | 7,643 | -3.5 | 1,464 | -2.0 | 1,803 | +3.0 | 127 | +46.0 |
| Feb. | 7,304 | -4.7 | 1,337 | +18.5 | 1,478 | +.5 | 105 | +14.1 |
| Mar. | 7,163 | -2.2 | 1,630 | +4.2 | 1,561 | -2.0 | 89 | +3.5 |
| Apr. | 7,232 | -.8 | 1,542 | +6.7 | 1,541 | -5.5 | 139 | 15.8 |
| May | 7,233 | +1.8 | 1,841 | +13.4 | 1,514 | -7.4 | 143 | +8.3 |
| June | 7,560 | +6.5 | 1,335 | +21.9 | 1,702 | +3.3 | 87 | +29.9 |
| July | 7,193 | +9.9 | 1,203 | -18.7 | 1,703 | +.7 | 71 | +10.9 |
| Aug. | 6,693 | +5.7 | 1,847 | +6.6 | 1,722 | +3.8 | 68 | -2.9 |
| Sept. | 6,818 | +6.5 | 2,358 | +15.4 | 1,641 | -.2 | 71 | +20.3 |
| Oct. | 7,535 | +10.6 | 2,529 | +8.9 | 1,700 | +7.1 | 85 | +4.9 |
| Nov. | 8,364 | +10.8 | 1,526 | -11.6 | 1,478 | +2.1 | 103 | +18.4 |
| Dec. | 8,412 | +7.5 | 1,221 | -8.3 | 1,567 | +3.5 | 119 | +14.4 |
| 1988 | | | | | | | | |
| Jan. | 8,066 | +5.5 | 1,557 | +6.4 | 1,754 | -2.7 | 106 | -16.5 |
| Feb. | 7,869 | +7.7 | 1,253 | -6.3 | 1,535 | +3.9 | 126 | +20.0 |
| Mar. | 7,587 | +5.9 | 1,742 | +6.9 | 1,583 | +1.4 | 106 | +19.1 |
| Apr. | 7,746 | +7.1 | 1,382 | -10.4 | 1,609 | +4.4 | 139 | 0 |
| May | 7,519 | +4.0 | 2,024 | +9.9 | 1,724 | +13.9 | 141 | -1.4 |
| June | 7,819 | +3.4 | 1,309 | -1.9 | 1,697 | -.3 | 68 | -21.8 |
| July | 7,431 | +3.3 | 1,184 | -1.6 | 1,760 | +3.3 | 62 | -12.7 |
| Aug. | 6,855 | +2.4 | 1,594 | -13.7 | 1,760 | +2.2 | 66 | -2.9 |
| Sept. | 6,689 | -1.9 | 2,102 | -10.9 | 1,647 | +.4 | 67 | -5.6 |
| Oct. | 7,144 | -5.2 | 2,391 | -5.5 | 1,601 | -5.8 | 84 | -1.2 |
| Nov. | 7,934 | -5.1 | 1,573 | +3.1 | 1,507 | +2.0 | 107 | +3.9 |
| Dec. | 8,000 | -4.9 | 1,286 | +5.3 | 1,521 | -2.9 | 115 | -3.4 |
| 1989 | | | | | | | | |
| Jan. | 7,765 | -3.7 | 1,607 | +3.2 | 1,672 | -4.7 | 104 | -1.9 |
| Feb. | 7,700 | -2.1 | | | | | | |

1/ Percent change is from previous year.

Table 12--Commercial cattle slaughter 1/ and production

| Year | Steers and heifers | | | Cows | Bulls and stags | Total | Dressed weight | Commercial production |
|---|---|---|---|---|---|---|---|---|
| | Fed | Nonfed | Total | | | | | |
| | 1,000 head | | | | | | Pounds | Million pounds |
| 1986 | | | | | | | | |
| I | 6,509 | 325 | 6,834 | 1,885 | 165 | 8,884 | 649 | 5,769 |
| II | 6,702 | 683 | 7,385 | 2,006 | 181 | 9,572 | 653 | 6,246 |
| III | 6,780 | 740 | 7,520 | 1,941 | 191 | 9,652 | 651 | 6,273 |
| IV | 6,126 | 748 | 6,874 | 2,129 | 177 | 9,180 | 645 | 5,925 |
| Year | 26,117 | 2,496 | 28,613 | 7,961 | 714 | 37,288 | 649 | 24,213 |
| 1987 | | | | | | | | |
| I | 6,511 | 439 | 6,950 | 1,652 | 163 | 8,765 | 656 | 5,754 |
| II | 6,477 | 619 | 7,096 | 1,603 | 179 | 8,878 | 646 | 5,737 |
| III | 6,945 | 461 | 7,406 | 1,636 | 181 | 9,223 | 657 | 6,064 |
| IV | 6,353 | 543 | 6,896 | 1,719 | 166 | 8,781 | 666 | 5,850 |
| Year | 26,286 | 2,062 | 28,348 | 6,610 | 689 | 35,647 | 657 | 23,405 |
| 1988 | | | | | | | | |
| I | 6,591 | 308 | 6,899 | 1,526 | 150 | 8,575 | 664 | 5,696 |
| II | 6,757 | 335 | 7,092 | 1,504 | 164 | 8,760 | 660 | 5,784 |
| III | 7,108 | 349 | 7,457 | 1,576 | 166 | 9,199 | 672 | 6,186 |
| IV | 6,218 | 430 | 6,648 | 1,728 | 162 | 8,538 | 674 | 5,753 |
| Year | 26,674 | 1,422 | 28,096 | 6,334 | 642 | 35,072 | 668 | 23,419 |

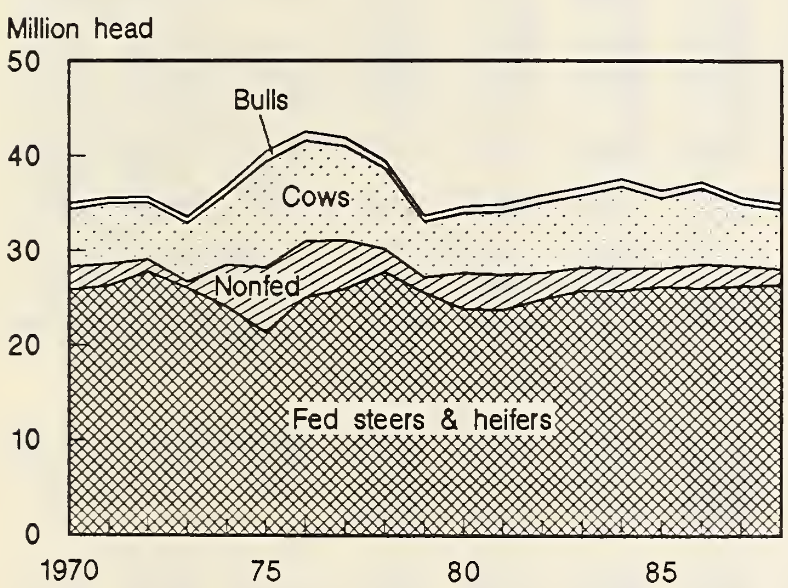
1/ Classes estimated.

Table 13--Beef, Choice Yield Grade 3: Retail, carcass, and farm values, spreads, and farmers' share

| Year | Retail price 1/ | Gross carcass value 2/ | By-product allow-ance 3/ | Net carcass value 4/ | Gross farm value 5/ | By-product allow-ance 6/ | Net farm value 7/ | Farm retail-spread: Total | Farm retail-spread: Carcass-retail | Farm retail-spread: Farm-carcass | Farmers' share 8/ |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Cents per pound | | | | | | | | | | Percent |
| 1982 | 242.5 | 152.8 | 2.1 | 150.7 | 155.5 | 15.0 | 140.5 | 102.0 | 91.8 | 10.2 | 58 |
| 1983 | 238.1 | 147.4 | 2.0 | 145.4 | 151.8 | 15.6 | 136.2 | 101.9 | 92.7 | 9.2 | 57 |
| 1984 | 239.6 | 150.6 | 3.0 | 147.6 | 158.6 | 18.6 | 140.0 | 99.6 | 92.0 | 7.6 | 58 |
| 1985 | 232.6 | 137.0 | 1.8 | 135.2 | 142.2 | 15.4 | 126.8 | 105.8 | 97.4 | 8.4 | 55 |
| 1986 | 230.7 | 134.3 | 1.2 | 133.1 | 140.0 | 15.6 | 124.4 | 106.3 | 97.6 | 8.7 | 54 |
| 1987 | 242.5 | 146.7 | 1.4 | 145.3 | 157.6 | 19.7 | 137.9 | 104.6 | 97.2 | 7.4 | 57 |
| I | 234.6 | 138.4 | 1.4 | 137.0 | 147.9 | 17.6 | 130.3 | 104.3 | 97.6 | 6.7 | 56 |
| II | 243.2 | 157.6 | 1.5 | 156.1 | 167.8 | 20.0 | 147.8 | 95.4 | 87.1 | 8.3 | 61 |
| III | 246.4 | 146.9 | 1.4 | 145.5 | 157.8 | 20.1 | 137.7 | 108.7 | 100.9 | 7.8 | 56 |
| IV | 245.9 | 144.2 | 1.5 | 142.7 | 156.9 | 21.0 | 135.9 | 110.0 | 103.2 | 6.8 | 55 |
| 1988 | | | | | | | | | | | |
| I | 245.9 | 150.7 | 1.7 | 149.0 | 166.0 | 23.2 | 142.8 | 103.1 | 96.9 | 6.2 | 58 |
| II | 254.4 | 162.2 | 1.8 | 160.4 | 176.2 | 23.2 | 153.0 | 101.4 | 94.0 | 7.3 | 60 |
| III | 258.9 | 151.3 | 1.7 | 149.6 | 163.9 | 21.6 | 142.2 | 116.7 | 109.3 | 7.4 | 55 |
| IV | 259.4 | 158.2 | 1.7 | 156.5 | 171.4 | 20.0 | 151.4 | 108.0 | 102.9 | 5.1 | 58 |
| Year | 254.7 | 155.6 | 1.7 | 153.9 | 169.4 | 22.0 | 147.4 | 107.3 | 100.8 | 6.5 | 58 |
| 1989 | | | | | | | | | | | |
| Jan. | 264.3 | 161.5 | 1.7 | 159.8 | 175.4 | 19.6 | 155.8 | 108.5 | 104.5 | 4.0 | 59 |

1/ Estimated weighted-average of BLS prices of retail cuts from Choice Yield Grade 3 carcass. 2/ Value of carcass-quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.476 is used. 3/ Portion of gross carcass value attributed to fat and bone trim. 4/ Gross carcass value minus carcass byproduct allowance. 5/ Market value to producer for 2.4 lb of live animal, equivalent to 1 lb of retail cuts. 6/ Portion of gross farm value attributed to edible and inedible byproducts. 7/ Gross farm value minus farm byproduct allowance. 8/ Percent net farm value is of retail price.

### Cattle Slaughter




## U.S. Beef Trade

### *U.S. Cattle Imports*

U.S. imports of cattle reached 1.33 million head during 1988, but are forecast to decline in 1989 mostly due to fewer Mexican exports. Effective October 20, 1988, Mexico instituted an ad valorem export tariff of 20 percent on male cattle weighing less than 280 kilograms (617 pounds). No export permit is required but there is a minimum official export price of US$300 per head for duty application. For bovine males weighing more than 280 kg, the tariff is 25 percent and an export permit is required. Mexican producers are actively seeking a reduction in the tariff rate. This tariff is forecast to reduce the number of cattle exported to the United States during 1989. Imports from Canada were up substantially last year but could decline during 1989.

### *U.S. Beef Imports Down in 1989*

U.S. imports of beef reached 2,379 million pounds, carcass weight, in 1988, up 5 percent. The primary suppliers were Australia and New Zealand, up 8 and 5 percent, respectively. Imports for 1988 were large at the very beginning of the year when supplies placed in bonded warehouses at the end of 1987 to comply with voluntary restraint agreements (VRA's) were released onto the market. Imports continued heavy as drought in Australia caused heavier-than-expected slaughter and exports early in the year. Imports were also spurred by increased demand in the United States when domestic nonfed beef output declined and prices rose. Because imports under the Meat Import Law were expected to exceed the 1988 trigger level, VRA's were negotiated with Australia and New Zealand.

The trigger level for 1989, including Canada, is 1,438 million pounds, product weight. Imports under the law are expected to be below this level for 1989. Reduced exportable supplies from major exporters and increased competition from Japan for Australian beef are the main reasons for the expected decline.

### *Beef Exports Continue To Rise*

In June 1988, Japan agreed to liberalize beef imports. As a consequence, Japanese imports of U.S. beef increased substantially last year. During 1989, U.S. beef exports are forecast to continue rising because of the increased ship-

ments to Japan. However, exports to the EC and Mexico will likely decline.

Since January 1989 the EC no longer allows any imported meat that cannot be certified as having been produced without the use of growth promotents. During 1987, the EC bought 4 percent ($33 million) of total U.S. beef exports. Beef exports do not include variety meats; 33 percent of the beef variety meats ($101 million) went to the EC in 1987.

Mexico was able to import large quantities of beef and live cattle from the United States with the help of GSM-102 export credit guarantees last year. Unless these guarantees are continued this year, and so far they have not been, U.S. exports to Mexico will probably return to traditional levels.

## Sheep and Lambs

The January 1, 1989, inventory of all sheep and lambs was unchanged from a year ago. The number of stock sheep was up 1 percent, mature ewes, those 1 year old or older, were even with a year ago, and ewe lambs increased 4 percent. Ewe lambs are the replacement breeding flock for the sheep industry and indicate the intentions for expansion. The three largest sheep States, Texas, California, and Wyoming, showed decreases from the previous year in stock sheep and lambs. Texas, the major producing State, decreased its inventory of stock ewes 1 year old and older 2 percent and ewe lambs 7 percent due in part to dry weather. California had a decrease in the ewes 1 year old and older, but increased the number of ewe lambs. Wyoming had fewer mature ewes but

Table 14--Great Plains custom cattle feeding: Selected costs at current rates 1/

| Purchased during 1988<br>Marketed during 1988-89 | Feb.<br>Aug. | Mar.<br>Sept. | Apr.<br>Oct. | May<br>Nov. | June<br>Dec. | July<br>Jan. | Aug.<br>Feb. | Sept.<br>Mar. | Oct.<br>Apr. | Nov.<br>May | Dec.<br>June | Jan.<br>July |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses: ($/head) | | | | | | | | | | | | |
| 600 lb. feeder steer | 503.52 | 495.66 | 487.86 | 487.50 | 455.70 | 466.02 | 492.00 | 494.28 | 493.14 | 490.20 | 496.98 | 518.28 |
| Transportation to feedlot (300 miles) | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 | 3.96 |
| Commission | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Feed | | | | | | | | | | | | |
| Milo (1500 lb) 2/ | 54.75 | 55.65 | 54.45 | 55.65 | 77.85 | 79.20 | 76.50 | 77.10 | 76.50 | 72.15 | 71.40 | 74.70 |
| Corn (1500 lb) 2/ | 64.65 | 66.45 | 65.25 | 66.90 | 87.90 | 89.70 | 84.15 | 85.05 | 84.15 | 80.85 | 82.05 | 83.10 |
| Cotton seed meal (400 lb) | 52.40 | 52.40 | 48.80 | 48.80 | 48.80 | 57.60 | 57.60 | 57.60 | 53.60 | 53.60 | 53.60 | 56.00 |
| Alfalfa hay (800 lb.) | 46.80 | 46.40 | 48.40 | 51.20 | 49.20 | 48.40 | 47.60 | 50.80 | 50.80 | 52.00 | 51.60 | 53.20 |
| Total feed cost | 218.60 | 220.90 | 216.90 | 222.55 | 263.75 | 274.90 | 265.85 | 270.55 | 265.05 | 258.60 | 258.65 | 267.00 |
| Feed handling and management charge | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 | 21.00 |
| Vet medicine | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Interest on feeder and 1/2 feed | 32.17 | 31.82 | 31.31 | 31.44 | 30.85 | 33.95 | 35.15 | 35.41 | 37.54 | 37.17 | 37.58 | 39.11 |
| Death loss (1.5% of purchase) | 7.55 | 7.43 | 7.32 | 7.31 | 6.84 | 6.99 | 7.38 | 7.41 | 7.40 | 7.35 | 7.45 | 7.77 |
| Marketing 3/ | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. | F.o.b. |
| Total | 792.81 | 786.78 | 774.34 | 779.76 | 788.09 | 812.82 | 831.34 | 838.61 | 834.09 | 824.28 | 831.62 | 863.12 |
| Selling price required to cover: 4/ $/cwt. | | | | | | | | | | | | |
| Feed and feeder cost (1056 lb.) | 68.38 | 67.86 | 66.74 | 67.24 | 68.13 | 70.16 | 71.77 | 72.43 | 71.80 | 70.91 | 71.56 | 74.36 |
| All costs | 75.08 | 74.51 | 73.33 | 73.84 | 74.63 | 76.97 | 78.73 | 79.41 | 78.99 | 78.06 | 78.75 | 81.73 |
| Selling price 5/ | 70.08 | 69.96 | 72.62 | 73.52 | 73.64 | 74.40 | | | | | | |
| Net margin | -5.00 | -4.55 | -.71 | -.32 | -.99 | -2.57 | | | | | | |
| Cost per 100 lb. gain: | | | | | | | | | | | | |
| Variable cost less interest $/cwt. | 50.03 | 50.47 | 49.64 | 48.85 | 57.48 | 60.88 | 59.45 | 60.39 | 59.29 | 57.75 | 58.02 | 59.75 |
| Feed costs $/cwt. | 43.72 | 44.18 | 43.38 | 42.59 | 51.31 | 54.68 | 53.17 | 54.11 | 53.01 | 51.72 | 51.73 | 53.40 |
| Prices: ($/cwt) | | | | | | | | | | | | |
| Choice feeder steer 600-700 lb. Amarillo | 83.92 | 82.61 | 81.31 | 81.25 | 75.95 | 77.67 | 82.00 | 82.38 | 82.19 | 81.70 | 82.83 | 86.38 |
| Transportation rate $/cwt/100 miles 6/ | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 |
| Commission fee $/cwt. | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 | .50 |
| Milo $/cwt. | 3.50 | 3.56 | 3.48 | 3.56 | 5.04 | 5.13 | 4.95 | 4.99 | 4.95 | 4.66 | 4.61 | 4.83 |
| Corn $/cwt. | 4.16 | 4.28 | 4.20 | 4.31 | 5.71 | 5.83 | 5.46 | 5.52 | 5.46 | 5.24 | 5.32 | 5.39 |
| Cottonseed Meal (41%) $/cwt. 7/ | 13.10 | 13.10 | 12.20 | 12.20 | 12.20 | 14.40 | 14.40 | 14.40 | 13.40 | 13.40 | 13.40 | 14.00 |
| Alfalfa hay $/ton 8/ | 87.00 | 86.00 | 91.00 | 98.00 | 93.00 | 91.00 | 89.00 | 97.00 | 97.00 | 100.00 | 99.00 | 103.00 |
| Feed handling and management $/ton | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Interest, annual rate 9/ | 10.50 | 10.50 | 10.50 | 10.50 | 10.50 | 11.25 | 11.25 | 11.25 | 12.00 | 12.00 | 12.00 | 12.50 |

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individual feedlots. For individual use, adjust expenses and prices for management, production level, and locality of operation. Steers are assumed to gain 500 lb in 180 days at 2.8 lb per day with feed conversion of 8.4 lb per pound gain. 2/ Texas Panhandle elevator price plus $0.15/cwt handling and transportation to feedlots. 3/ Most cattle sold f.o.b. at the feedlot with 4-percent shrink. 4/ Sale weight 1,056 lb (1,100 lb less 4-percent shrink). 5/ Choice slaughter steers, 900-1100 lb, Texas-New Mexico direct. 6/ Converted from cents per mile for a 44,000-lb haul. 7/ Average prices paid by farmers in Texas. 8/ Average price received by farmers in Texas plus $30/ton handling and transportation to feedlots. 9/ Prime rate plus 2 points.

a slight increase in the ewe lambs. Colorado, New Mexico, Iowa, Minnesota, and Montana, showed increases in their stock sheep and lamb inventories. In this group, only Montana had a slight decrease in the ewe lambs from a year ago.

Sheep and lambs on feed decreased 2 percent from a year ago to 1.6 million head. The number of lambs on feed on January 1, 1988, was revised downward from 1.8 million head to 1.6 million in the January 1, 1989, report. The number of new crop lambs is also down from a year ago. One of the largest impacts on the inventory was the decline in the lambing rate from 104 to 99 lambs per 100 ewes 1 year and older between 1987 and 1988. This cut the 1988 lamb crop 1 percent below 1987, even with a 4-percent larger mature sheep inventory. The smaller crop reduced the number of lambs for slaughter and breeding. The unchanged stock sheep inventories, the decline in the number of lambs on feed, and smaller lamb crop indicate only a small increase in production in 1989 from 1988.

First-quarter lamb and mutton production is expected to be even with a year ago at 85 million pounds. The January average weight of 64 pounds up 2 pounds from a year earlier, will likely remain heavy through the spring, although not likely to surpass the 66 pounds of March 1988. Production for the rest of the year should also remain at 1988 levels. The third quarter output is expected to increase about 1 million pounds above 1988 to 81 million pounds.

Table 15--Corn Belt cattle feeding: Selected costs at current rates 1/

| Purchased during 1988-89<br>Marketed during 1988-89 | Feb.<br>Aug. | Mar.<br>Sept. | Apr.<br>Oct. | May<br>Nov. | June<br>Dec. | July<br>Jan. | Aug.<br>Feb. | Sept.<br>Mar. | Oct.<br>Apr. | Nov.<br>May | Dec<br>June | Jan.<br>July |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses: ($/head) | | | | | | | | | | | | |
| 600 lb. feeder steer | 501.18 | 511.20 | 519.00 | 497.28 | 464.28 | 474.48 | 507.90 | 504.00 | 514.86 | 503.40 | 516.78 | 516.00 |
| Transportation to feedlot-400 miles | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 | 5.28 |
| Corn (45 bu.) | 81.90 | 83.03 | 83.93 | 87.30 | 108.45 | 122.40 | 117.90 | 116.10 | 114.53 | 90.00 | 112.28 | 114.98 |
| Silage (1.7 tons) | 30.76 | 31.67 | 31.01 | 31.64 | 36.47 | 47.24 | 49.76 | 49.00 | 44.99 | 41.96 | 47.15 | 48.51 |
| Protein supplement (270 lb.) | 37.26 | 37.26 | 35.91 | 35.91 | 35.91 | 44.28 | 44.28 | 44.28 | 41.85 | 41.85 | 41.85 | 41.85 |
| Hay (400 lb.) | 10.90 | 11.40 | 10.80 | 10.80 | 11.40 | 17.20 | 19.60 | 19.30 | 18.20 | 17.80 | 18.50 | 19.10 |
| Total feed costs | 160.82 | 163.36 | 161.65 | 165.65 | 192.23 | 231.12 | 231.54 | 228.68 | 219.57 | 191.61 | 219.78 | 224.44 |
| Labor (4 hrs.) | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 | 15.72 |
| Management (1 hr.) 2/ | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 | 7.86 |
| Vet medicine 3/ | 5.34 | 5.34 | 5.44 | 5.44 | 5.44 | 5.56 | 5.56 | 5.56 | 5.61 | 5.61 | 5.61 | 5.65 |
| Interest on purchase (6 months) | 28.12 | 28.68 | 28.60 | 27.40 | 25.58 | 26.50 | 28.37 | 28.15 | 29.91 | 29.25 | 30.02 | 30.73 |
| Power, equip., fuel, shelter, deprec. 3/ | 24.93 | 24.93 | 25.38 | 25.38 | 25.38 | 25.91 | 25.91 | 25.91 | 26.15 | 26.15 | 26.15 | 26.35 |
| Death loss (1% of purchase) | 5.01 | 5.11 | 5.19 | 4.97 | 4.64 | 4.74 | 5.08 | 5.04 | 5.15 | 5.03 | 5.17 | 5.16 |
| Transportation (100 miles) | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 | 2.31 |
| Marketing expenses | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 |
| Miscellaneous and indirect costs 3/ | 10.78 | 10.78 | 10.98 | 10.98 | 10.98 | 11.21 | 11.21 | 11.21 | 11.31 | 11.31 | 11.31 | 11.39 |
| Total | 770.70 | 783.92 | 790.76 | 771.62 | 763.05 | 814.04 | 850.09 | 843.07 | 847.08 | 806.88 | 849.34 | 854.24 |
| Selling price required to cover: ($/cwt.) | | | | | | | | | | | | |
| Feed and feeder cost (1050 lb.) | 63.05 | 64.24 | 64.82 | 63.14 | 62.53 | 67.20 | 70.42 | 69.78 | 69.95 | 66.19 | 70.15 | 70.52 |
| All costs (1050 lb.) | 73.40 | 74.66 | 75.31 | 73.49 | 72.67 | 77.53 | 80.96 | 80.29 | 80.67 | 76.85 | 80.89 | 81.36 |
| Feed cost per 100 lb. gain (450 lb.) | 35.74 | 36.30 | 35.98 | 36.81 | 42.72 | 51.36 | 51.45 | 50.82 | 48.79 | 42.58 | 48.84 | 49.88 |
| Choice steers, Omaha (1000-1100 lb.) | 67.08 | 67.71 | 69.13 | 70.07 | 71.21 | 72.35 | | | | | | |
| Net margin | -6.32 | -6.95 | -6.18 | -3.42 | -1.46 | -5.18 | | | | | | |
| Prices: | | | | | | | | | | | | |
| Feeder steer, Choice (600-700 lb.) | | | | | | | | | | | | |
| Kansas City $/cwt. | 83.53 | 85.20 | 86.50 | 82.88 | 77.38 | 79.08 | 84.65 | 84.00 | 85.81 | 83.90 | 86.13 | 86.00 |
| Corn $/bu. 4/ | 1.82 | 1.84 | 1.86 | 1.94 | 2.41 | 2.72 | 2.62 | 2.58 | 2.54 | 2.00 | 2.50 | 2.56 |
| Hay $/ton 4/ | 54.50 | 57.00 | 54.00 | 54.00 | 57.00 | 86.00 | 98.00 | 96.50 | 91.00 | 89.00 | 92.50 | 95.50 |
| Corn silage $/ton 5/ | 18.09 | 18.63 | 18.24 | 18.61 | 21.46 | 27.79 | 29.27 | 28.82 | 26.47 | 24.69 | 27.74 | 28.53 |
| Protein supplement (32-36%) $/cwt. 6/ | 13.80 | 13.80 | 13.30 | 13.30 | 13.30 | 16.40 | 16.40 | 16.40 | 15.50 | 15.50 | 15.50 | 15.50 |
| Farm labor $/hour | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 | 3.93 |
| Interest rate, annual | 11.22 | 11.22 | 11.02 | 11.02 | 11.02 | 11.17 | 11.17 | 11.17 | 11.62 | 11.62 | 11.62 | 11.91 |
| Transportation rate $/cwt. per 100 mile 7 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 |
| Mktg. expenses $/cwt. 8/ | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 | 3.35 |
| Index of prices paid by farmers (1910-14=100) | 1137 | 1137 | 1158 | 1158 | 1158 | 1182 | 1182 | 1182 | 1193 | 1193 | 1193 | 1202 |

1/ Represents only what expenses would be if all selected items were paid for during the period indicated. The feed ration and expense items do not necessarily coincide with experience of individuals for management, production, and locality of operation. 2/ Assumes 1 hour at twice the labor rate. 3/ Adjusted quarterly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 4/ Average price received by farmers in IA and IL. 5/ Price derived from an equivalent price of 5 bushels corn and 330 lb. hay. 6/ Average price paid by farmers in IA and IL. 7/ Converted from cents/mile for a 44,000-lb. haul. 8/ Yardage plus commission fees at a Midwest terminal market.

Consumption of lamb and mutton in 1989 is expected to remain near 1988's 1.3 pounds per capita. Average prices for the year, therefore, should remain about the same as a year ago although the patterns will change slightly. The bunching of production in March and the heavy weight that occurred from March through May 1988 eliminated the normal seasonal increases in price in those months. If this occurs this year, the second-quarter slaughter lamb price will drop below the first quarter. Presently, first-quarter prices are expected to average above $71 for San Angelo slaughter lambs compared to $81.51 a year ago. Second-quarter prices should average $63 to $69 compared with $69.52 in 1988. Third- and fourth-quarter prices are expected to average in the low $60's, near year-earlier levels.

Table 16--U.S. live cattle trade 1/

| Country or area | 1987 | 1988 | 1988 ---- 1987 |
|---|---|---|---|
| | 1,000 head | | Percent change |
| Imports | | | |
| Mexico | 937.9 | 844.2 | -10.0 |
| Canada | 262.1 | 487.5 | 86.0 |
| Other | .5 | 0.5 | -3.1 |
| Total | 1,200.5 | 1,332.2 | 11.0 |
| Exports | | | |
| Mexico | 48.0 | 257.2 | 436.1 |
| Canada | 33.3 | 15.3 | -54.1 |
| Other | 49.4 | 48.9 | -.9 |
| Total | 130.7 | 321.4 | 145.9 |

1/ May not add due to rounding. Percent change calculated from unrounded data.

Table 17--U.S. beef trade, carcass weight 1/

| Country or area | 1987 | 1988 | 1988 ---- 1987 |
|---|---|---|---|
| | Million pounds | | Percent change |
| Imports | | | |
| Australia | 993.0 | 1,073.6 | 8.1 |
| New Zealand | 600.9 | 631.3 | 5.1 |
| Canada | 182.6 | 162.7 | -10.9 |
| Brazil | 100.4 | 117.8 | 17.4 |
| Argentina | 189.1 | 184.3 | -2.6 |
| Central America | 138.4 | 177.2 | 6.0 |
| Other | 64.9 | 31.9 | -11.6 |
| Total | 2,269.3 | 2,378.8 | 4.8 |
| Exports | | | |
| Japan | 396.7 | 501.2 | 26.3 |
| Canada | 30.9 | 45.6 | 47.3 |
| Caribbean | 21.6 | 22.7 | 5.1 |
| Brazil | 66.1 | --- | -100.0 |
| Other | 88.7 | 110.3 | 24.4 |
| Total | 604.0 | 679.8 | 12.5 |

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

Table 18--Sheep inventory by classes, United States, January 1

| Class | 1987 | 1988 | 1989 | 1989- ---- 1988 |
|---|---|---|---|---|
| | | 1,000 head | | Percent |
| All sheep and lambs 1/ | 10,334 | 10,784 | 10,802 | 0 |
| On feed | 1,508 | 1,644 | 1,613 | -2 |
| Stock sheep | 8,826 | 9,140 | 9,189 | +1 |
| Lambs | | | | |
| Ewes | 1,296 | 1,282 | 1,338 | +4 |
| Wethers and rams | 363 | 332 | 345 | +4 |
| One year old and older: | | | | |
| Ewes | 6,847 | 7,192 | 7,173 | 0 |
| Wethers and rams | 320 | 335 | 333 | -1 |

1/ New-crop lambs are not included.

## Hogs

Returns to hog producers may have bottomed and will likely trend higher through the rest of 1989. Still, net returns over all costs could be negative through the third quarter. Hog prices are expected to strengthen modestly, while feed costs hold steady. Feed costs will probably decline by the fourth quarter, if favorable crop conditions develop. Breeding inventories are expected to stabilize, following a 7-percent reduction in the second half of 1988.

Commercial pork production in 1989 is projected near 15.45 billion pounds, down 1 percent from 1988. Most of the year-over-year reduction is expected to occur in the fourth quarter. Barrow and gilt prices will likely average in the mid-$40's per cwt, rising modestly from the previous year. Retail pork prices are expected to rise 1 to 3 percent.

### *Hog Market Weak in First Quarter*

Relatively high slaughter rates and slack demand for pork at the wholesale level has pressured hog prices in first-quarter 1989. Weekly hog slaughter under Federal inspection, though down substantially from last fall, was about 5 percent above a year ago through February. This is consistent with the increase in last summer's pig crop, but favorable weather also may have boosted slaughter rates. Conditions in the Midwest were unusually mild through January, aiding weight gains and perhaps allowing producers to market hogs ahead of schedule.

**Average Weekly Hog Slaughter, Federally Inspected**

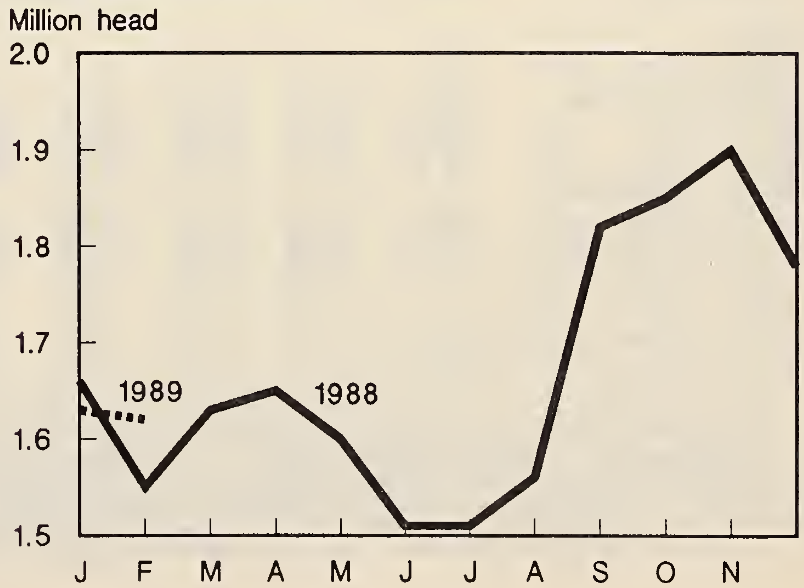


Table 19--Balance sheet for sheep and lambs, United States

| Year | On farms Jan. 1 | Lamb crop | Net exports | Total slaughter | Deaths | Adjustment factor | On farms Dec. 31 |
|---|---|---|---|---|---|---|---|
| | | | | 1,000 head | | | |
| 1980 | 12,699 | 8,257 | 103 | 5,742 | 1,920 | -244 | 12,947 |
| 1981 | 12,947 | 8,820 | 214 | 6,197 | 1,853 | -506 | 12,997 |
| 1982 | 12,997 | 8,580 | 271 | 6,643 | 1,875 | -648 | 12,140 |
| 1983 | 12,140 | 8,209 | 213 | 6,792 | 1,608 | -249 | 11,487 |
| 1984 | 11,487 | 7,788 | 301 | 6,900 | 1,724 | +90 | 10,443 |
| 1985 | 10,443 | 7,412 | 338 | 6,300 | 1,383 | +150 | 9,983 |
| 1986 | 9,983 | 7,356 | 100 | 5,762 | 1,274 | +131 | 10,334 |
| 1987 | 10,334 | 7,230 | 15 | 5,312 | 1,285 | -178 | 10,774 |
| 1988 | 10,774 | | | | | | |

Table 20--Commercial sheep and lamb slaughter 1/ and production

| Year | Lambs | Sheep | Total | Dressed weight | Production |
|---|---|---|---|---|---|
| | 1,000 hd. | | | lb. | Mil lb. |
| 1986 | | | | | |
| I | 1,438 | 72 | 1,510 | 60 | 90 |
| II | 1,246 | 97 | 1,343 | 58 | 78 |
| III | 1,324 | 80 | 1,404 | 58 | 81 |
| IV | 1,306 | 72 | 1,378 | 60 | 82 |
| Year | 3,514 | 321 | 5,635 | 59 | 331 |
| 1987 | | | | | |
| I | 1,213 | 57 | 1,270 | 60 | 76 |
| II | 1,211 | 79 | 1,290 | 58 | 75 |
| III | 1,241 | 75 | 1,316 | 59 | 77 |
| IV | 1,253 | 70 | 1,323 | 61 | 81 |
| Year | 4,918 | 281 | 5,199 | 59 | 309 |
| 1988 | | | | | |
| I | 1,292 | 62 | 1,354 | 63 | 85 |
| II | 1,177 | 82 | 1,259 | 64 | 80 |
| III | 1,255 | 81 | 1,336 | 60 | 80 |
| IV | 1,265 | 79 | 1,344 | 62 | 84 |
| Year | 4,989 | 304 | 5,293 | 62 | 329 |

1/ Classes estimated.

Table 21--Commercial hog slaughter 1/ and production

| Year | Barrows & gilts | Sows | Boars | Total | Dressed wt. | Comm'l-prod. |
|---|---|---|---|---|---|---|
| | | 1,000 hd. | | | lb. | Mil lb. |
| 1986 | | | | | | |
| I | 19,272 | 920 | 187 | 20,379 | 175 | 3,570 |
| II | 19,224 | 896 | 196 | 20,316 | 176 | 3,568 |
| III | 17,365 | 999 | 210 | 18,573 | 174 | 3,237 |
| IV | 19,223 | 927 | 179 | 20,330 | 178 | 3,623 |
| Year | 75,084 | 3,742 | 772 | 79,598 | 176 | 13,998 |
| 1987 | | | | | | |
| I | 19,008 | 762 | 170 | 19,940 | 178 | 3,540 |
| II | 17,877 | 846 | 188 | 18,911 | 176 | 3,327 |
| III | 18,201 | 1,009 | 186 | 19,396 | 174 | 3,384 |
| IV | 21,776 | 888 | 170 | 22,834 | 178 | 4,061 |
| Year | 76,862 | 3,505 | 714 | 81,081 | 177 | 14,312 |
| 1988 | | | | | | |
| I | 20,293 | 854 | 192 | 21,339 | 177 | 3,787 |
| II | 19,727 | 941 | 200 | 20,868 | 179 | 3,726 |
| III | 19,957 | 1,180 | 228 | 21,365 | 177 | 3,773 |
| IV | 22,919 | 1,052 | 195 | 24,166 | 179 | 4,328 |
| Year | 82,896 | 4,027 | 815 | 87,738 | 178 | 15,614 |

1/ Classes estimated.

Table 22--Federally inspected hog slaughter

| Week ended | 1986 | 1987 | 1988 | 1989 |
|---|---|---|---|---|
| | | Thousands | | |
| Jan. | | | | |
| 7 | 1,675 | 1,683 | 1,717 | 1,416 |
| 14 | 1,654 | 1,659 | 1,766 | 1,721 |
| 21 | 1,563 | 1,527 | 1,605 | 1,681 |
| 28 | 1,506 | 1,500 | 1,543 | 1,644 |
| Feb. | | | | |
| 4 | 1,526 | 1,455 | 1,535 | 1,642 |
| 11 | 1,512 | 1,502 | 1,544 | 1,676 |
| 18 | 1,501 | 1,395 | 1,542 | 1,709 |
| 25 | 1,606 | 1,533 | 1,595 | |
| Mar. | | | | |
| 4 | 1,635 | 1,556 | 1,600 | |
| 11 | 1,650 | 1,578 | 1,674 | |
| 18 | 1,556 | 1,574 | 1,639 | |
| 27 | 1,579 | 1,504 | 1,631 | |
| Apr. | | | | |
| 1 | 1,518 | 1,529 | 1,599 | |
| 8 | 1,633 | 1,553 | 1,573 | |
| 15 | 1,651 | 1,468 | 1,655 | |
| 22 | 1,619 | 1,393 | 1,659 | |
| 29 | 1,637 | 1,453 | 1,695 | |
| May | | | | |
| 6 | 1,607 | 1,475 | 1,653 | |
| 13 | 1,560 | 1,440 | 1,633 | |
| 20 | 1,518 | 1,448 | 1,577 | |
| 27 | 1,310 | 1,232 | 1,533 | |
| June | | | | |
| 3 | 1,471 | 1,385 | 1,323 | |
| 10 | 1,459 | 1,372 | 1,489 | |
| 17 | 1,373 | 1,341 | 1,513 | |
| 24 | 1,330 | 1,356 | 1,510 | |
| July | | | | |
| 1 | 1,118 | 1,193 | 1,537 | |
| 8 | 1,390 | 1,360 | 1,330 | |
| 15 | 1,349 | 1,345 | 1,537 | |
| 22 | 1,281 | 1,354 | 1,543 | |
| 29 | 1,314 | 1,330 | 1,456 | |
| Aug. | | | | |
| 5 | 1,338 | 1,372 | 1,525 | |
| 12 | 1,369 | 1,445 | 1,571 | |
| 19 | 1,402 | 1,404 | 1,513 | |
| 26 | 1,419 | 1,475 | 1,563 | |
| Sept. | | | | |
| 2 | 1,257 | 1,548 | 1,608 | |
| 9 | 1,492 | 1,363 | 1,517 | |
| 16 | 1,504 | 1,709 | 1,799 | |
| 23 | 1,504 | 1,621 | 1,868 | |
| Oct. | | | | |
| 3 | 1,521 | 1,658 | 1,802 | |
| 7 | 1,555 | 1,638 | 1,821 | |
| 14 | 1,528 | 1,720 | 1,837 | |
| 21 | 1,551 | 1,664 | 1,845 | |
| 28 | 1,580 | 1,786 | 1,895 | |
| Nov. | | | | |
| 4 | 1,576 | 1,791 | 1,908 | |
| 11 | 1,537 | 1,778 | 1,826 | |
| 18 | 1,557 | 1,770 | 1,917 | |
| 25 | 1,308 | 1,463 | 1,561 | |
| Dec. | | | | |
| 2 | 1,530 | 1,845 | 1,955 | |
| 9 | 1,548 | 1,879 | 1,887 | |
| 16 | 1,503 | 1,727 | 1,799 | |
| 23 | 1,069 | 1,150 | 1,663 | |
| 30 | 1,258 | 1,458 | 1,420 | |

1/ Corresponding dates to 1989: 1986, Jan. 11, 1987, Jan. 10, 1988, Jan. 9.

Table 23--Pork: Retail, wholesale, and farm values, spreads, and farmers' share

| Year | Retail price 1/ | Wholesale value 2/ | Gross farm value 3/ | By-product allowance 4/ | Net farm value 5/ | Farm retail spread: Total | Farm retail spread: Wholesale-retail | Farm retail spread: Farm-wholesale | Farmers' share 6/ |
|---|---|---|---|---|---|---|---|---|---|
| | Cents per pound | | | | | | | | Percent |
| 1982 | 175.4 | 121.8 | 94.3 | 6.3 | 88.0 | 87.4 | 53.6 | 33.8 | 50 |
| 1983 | 169.8 | 108.9 | 81.4 | 4.9 | 76.5 | 93.3 | 60.9 | 32.4 | 45 |
| 1984 | 162.0 | 110.1 | 83.3 | 5.9 | 77.4 | 84.6 | 51.9 | 32.7 | 48 |
| 1985 | 162.0 | 101.1 | 76.2 | 4.8 | 71.4 | 90.6 | 60.9 | 29.7 | 44 |
| 1986 | 178.4 | 110.9 | 87.3 | 4.9 | 82.4 | 96.0 | 67.5 | 28.5 | 46 |
| 1987 | 188.4 | 113.0 | 87.9 | 5.2 | 82.7 | 105.7 | 75.4 | 30.3 | 44 |
| I | 185.0 | 103.8 | 81.8 | 5.0 | 76.8 | 108.2 | 81.2 | 27.0 | 41 |
| II | 183.4 | 116.6 | 95.6 | 5.5 | 90.1 | 93.3 | 66.8 | 26.5 | 49 |
| III | 195.5 | 124.3 | 100.3 | 5.9 | 94.4 | 101.1 | 71.2 | 29.9 | 48 |
| IV | 189.7 | 107.4 | 74.0 | 4.3 | 69.7 | 120.0 | 82.3 | 37.7 | 37 |
| 1988 | | | | | | | | | |
| I | 183.9 | 104.3 | 76.4 | 4.6 | 71.8 | 112.1 | 79.6 | 32.5 | 39 |
| II | 184.8 | 105.1 | 78.0 | 4.6 | 73.4 | 111.4 | 79.7 | 31.7 | 40 |
| III | 185.9 | 99.5 | 75.0 | 4.6 | 70.4 | 115.5 | 86.4 | 29.1 | 38 |
| IV | 179.0 | 95.3 | 66.2 | 4.0 | 62.2 | 116.8 | 83.7 | 33.1 | 35 |
| Year | 183.4 | 101.0 | 73.8 | 4.6 | 69.4 | 114.0 | 82.4 | 31.6 | 38 |
| 1989 | | | | | | | | | |
| Jan. | 181.1 | 94.3 | 71.1 | 4.4 | 66.7 | 114.4 | 86.8 | 27.6 | 37 |

1/ Estimated weighted-average of BLS prices of retail cuts from pork carcass. 2/ Value of wholesale quantity equivalent to 1 lb of retail cuts. A wholesale-carcass equivalent of 1.06 is used. 3/ Market values to producer for 1.7 lb of live animal, equivalent to 1 lb of retail cuts. 4/ Portion of gross farm value attributable to edible and inedible by-products. 5/ Gross farm value minus by-product allowance. 6/ Percent net farm value is of retail price.

Table 24--Farrow-to-finish hog production costs and returns, 1,600 head annual sales, North Central Region 1/

| Item | 1988 Feb. | Mar. | Apr. | May | Jun. | Jul. | Aug. | Sept. | Oct. | Nov. | Dec. | 1989 Jan. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dollars per cwt | | | | | | | | | | | |
| Cash receipts: 2/ | | | | | | | | | | | | |
| Market hogs (94.25 lb) | 44.24 | 40.49 | 40.13 | 44.43 | 45.94 | 43.25 | 43.63 | 38.91 | 37.20 | 34.96 | 38.41 | 40.08 |
| Cull sows (5.75 lb) | 2.02 | 1.95 | 1.99 | 2.10 | 1.90 | 1.76 | 1.90 | 1.86 | 1.75 | 1.55 | 1.62 | 1.86 |
| Total | 46.26 | 42.44 | 42.12 | 46.53 | 47.84 | 45.01 | 45.53 | 40.77 | 38.95 | 36.51 | 40.03 | 41.94 |
| Cash expenses: | | | | | | | | | | | | |
| Feed-- | | | | | | | | | | | | |
| Corn (345.6 lb) | 9.82 | 9.91 | 10.38 | 10.37 | 10.41 | 10.60 | 10.66 | 11.50 | 13.50 | 14.93 | 14.76 | 14.64 |
| Soybean meal (70.6 lb) | 7.39 | 7.39 | 7.39 | 8.43 | 8.43 | 8.43 | 9.92 | 9.92 | 9.92 | 11.03 | 11.03 | 11.03 |
| Mixing concentrates (14.3 lb) | 2.82 | 2.82 | 2.82 | 2.85 | 2.85 | 2.85 | 2.85 | 2.85 | 2.85 | 2.86 | 2.86 | 2.86 |
| Total feed | 20.03 | 20.12 | 20.59 | 21.65 | 21.69 | 21.88 | 23.43 | 24.27 | 26.27 | 28.82 | 28.65 | 28.53 |
| Other: | | | | | | | | | | | | |
| Veterinary and medicine 3/ | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.73 | 0.74 | 0.74 | 0.74 |
| Fuel, lube, and electricity | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.50 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 | 1.51 |
| Machinery and building repairs | 2.42 | 2.42 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.45 | 2.46 | 2.46 | 2.46 | 2.46 |
| Hired labor 4/ | 1.27 | 1.27 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.38 | 1.43 | 1.43 | 1.43 | 1.43 |
| Miscellaneous | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.61 | 0.62 | 0.62 |
| Total variable expenses | 26.56 | 26.65 | 27.26 | 28.32 | 28.36 | 28.55 | 30.11 | 30.95 | 33.01 | 35.58 | 35.41 | 35.29 |
| General farm overhead | 1.61 | 1.47 | 1.46 | 1.62 | 1.67 | 1.57 | 1.59 | 1.42 | 1.36 | 1.28 | 1.40 | 1.47 |
| Taxes and insurance | 0.63 | 0.63 | 0.63 | 0.71 | 0.71 | 0.71 | 0.71 | 0.71 | 0.71 | 0.74 | 0.74 | 0.74 |
| Interest | 3.89 | 3.57 | 3.54 | 3.96 | 4.07 | 3.83 | 3.87 | 3.47 | 3.31 | 3.12 | 3.42 | 3.58 |
| Total fixed expenses | 6.13 | 5.67 | 5.63 | 6.29 | 6.45 | 6.11 | 6.17 | 5.60 | 5.38 | 5.14 | 5.56 | 5.79 |
| Total cash expenses 5/ | 32.69 | 32.32 | 32.89 | 34.61 | 34.81 | 34.66 | 36.28 | 36.55 | 38.39 | 40.72 | 40.97 | 41.08 |
| Receipts less cash expenses | 13.57 | 10.12 | 9.23 | 11.92 | 13.03 | 10.35 | 9.25 | 4.22 | 0.56 | -4.21 | 0.94 | 0.86 |
| Capital replacement | 5.84 | 5.84 | 5.84 | 5.91 | 5.91 | 5.91 | 5.91 | 5.91 | 5.91 | 5.94 | 5.94 | 5.94 |
| Receipts less cash expenses and replacement | 7.73 | 4.28 | 3.39 | 6.01 | 7.12 | 4.44 | 3.34 | -1.69 | -5.35 | -10.15 | -6.88 | -5.08 |

1/ The feed rations and expense items do not necessarily coincide with the experience of individual hog operations and are an average of a group of operators. For individual use, adjust expenses and prices for management, production levels and locality of operation. 2/ Based on 94.25 lb of barrows and gilts liveweight and 5.75 lb of sows per cwt sold. 3/ Includes costs for feed medication, which is usually included as part of the feed cost. 4/ Based on .204 hours per cwt of liveweight hog marketed. 5/ Does not include a charge for family or operator labor (.732 hours) or a charge for land and fixed assets.

Retail pork features were abundant in December, but tapered off after the holidays. Accordingly, demand for fresh pork weakened. Part of the reduction in retail interest may have been due to a sharp run-up in fresh pork prices at the end of 1988. Reduced demand and steady supplies kept wholesale pork prices under pressure, weakening the demand for live hogs. Barrow and gilt prices at the seven markets have remained below year-earlier levels, and will likely average in the low $40's per cwt over the first 3 months of 1989.

### *Prices to Strengthen in Spring*

The September-November 1988 pig crop was reduced by last summer's high temperatures, and this should be reflected in second-quarter 1989 hog slaughter. Commercial slaughter for the April-June period may be about the same as a year earlier. However, pork production could fall slightly. Dressed weights in second-quarter 1988 averaged 179 pounds, and could be 1-2 pounds lighter this year. Barrow and gilt prices are expected to average in the mid to high $40's per cwt, compared with $46 a year earlier.

Because the fall pig crop was small relative to the summer pig crop in 1988, slaughter rates could begin to decline seasonally in April. This would be somewhat earlier than usual. Weekly kills could drop from 1.7 million head in early spring to around 1.55 million by the end of June. Thus, barrow and gilt prices could begin to strengthen early in the second quarter. Pork loins, butts, and spareribs typically lead wholesale pork prices higher in the spring, competing primarily with beef. With second-quarter beef production expected to be 2 percent below a year earlier, demand for these cuts should be firm.

However, similar to 1988, hog prices could peak in June and flatten out over the summer, averaging in the mid-$40's per cwt in the third quarter. Third-quarter pork supplies are projected to rise 3 percent from the second quarter and 1 per-

Table 25--Corn Belt hog feeding: Selected costs at current rates 1/

| Purchased during 1988-89<br>Marketed during 1988-89 | Feb.<br>June | Mar.<br>July | Apr.<br>Aug. | May<br>Sept. | June<br>Oct. | July<br>Nov. | Aug.<br>Dec. | Sept.<br>Jan. | Oct.<br>Feb. | Nov.<br>Mar. | Dec.<br>Apr. | Jan.<br>May |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Expenses: ($/head) | | | | | | | | | | | | |
| 40-50 lb feeder pig | 44.80 | 48.65 | 52.16 | 46.85 | 31.40 | 27.57 | 27.39 | 28.30 | 30.95 | 27.99 | 29.17 | 35.25 |
| Corn (11 bu) | 20.02 | 20.13 | 20.52 | 21.34 | 26.46 | 29.86 | 28.88 | 28.38 | 28.00 | 22.00 | 27.45 | 28.11 |
| Protein supplement (130 lb) | 20.28 | 20.30 | 20.02 | 20.02 | 20.02 | 25.29 | 25.29 | 25.29 | 23.92 | 23.92 | 23.92 | 23.21 |
| Total feed | 40.30 | 40.43 | 40.54 | 41.36 | 46.48 | 55.15 | 54.17 | 53.67 | 51.92 | 45.92 | 51.37 | 51.32 |
| Labor & management (1.3 hr) | 10.86 | 10.86 | 12.27 | 12.27 | 12.27 | 12.12 | 12.12 | 12.12 | 12.61 | 12.61 | 12.61 | 13.12 |
| Vet medicine 2/ | 2.69 | 2.69 | 2.74 | 2.74 | 2.74 | 2.80 | 2.80 | 2.80 | 2.83 | 2.83 | 2.83 | 2.85 |
| Interest on purchase (4 mo) | 1.68 | 1.82 | 1.92 | 1.72 | 1.15 | 1.03 | 1.02 | 1.05 | 1.20 | 1.08 | 1.16 | 1.40 |
| Power, equip, fuel, shelter depreciation 2/ | 6.55 | 6.55 | 6.67 | 6.67 | 6.67 | 6.81 | 6.81 | 6.81 | 6.87 | 6.87 | 6.87 | 6.92 |
| Death loss (4% of purchase) | 1.79 | 1.95 | 2.09 | 1.87 | 1.26 | 1.10 | 1.10 | 1.13 | 1.24 | 1.12 | 1.17 | 1.41 |
| Transportation (100 miles) | .48 | .48 | .48 | .48 | .48 | .48 | .48 | .48 | .48 | .48 | .48 | .48 |
| Marketing expenses | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 |
| Miscel. & indirect costs 2/ | .67 | .67 | .68 | .68 | .68 | .70 | .70 | .70 | .70 | .70 | .70 | .71 |
| Total | 110.96 | 115.24 | 120.69 | 115.78 | 104.27 | 108.90 | 107.73 | 108.20 | 109.94 | 100.75 | 107.50 | 114.60 |
| Selling price required To cover: ($/cwt) | | | | | | | | | | | | |
| Feed and feeder costs (220 lb) | 38.68 | 40.49 | 42.14 | 40.10 | 35.40 | 37.60 | 37.07 | 37.26 | 37.67 | 33.60 | 36.61 | 39.35 |
| All costs (220 lb) | 50.44 | 52.38 | 54.86 | 52.63 | 47.40 | 49.50 | 48.97 | 49.18 | 49.97 | 45.80 | 48.86 | 52.09 |
| Feed cost per 100-lb gain (180 lb) | 22.39 | 22.46 | 22.52 | 22.98 | 25.82 | 30.64 | 30.09 | 29.82 | 28.84 | 25.51 | 28.54 | 28.51 |
| Barrows and gilts, (7 mkts) | 48.06 | 45.57 | 46.10 | 41.04 | 38.95 | 36.45 | 40.58 | 41.58 | | | | |
| Net margin | -2.38 | -6.81 | -8.76 | -11.59 | -8.45 | -13.05 | -8.39 | -7.60 | | | | |
| Prices: | | | | | | | | | | | | |
| 40-lb feeder pig (So. Missouri) $/head | 44.80 | 48.65 | 52.16 | 46.85 | 31.40 | 27.57 | 27.39 | 28.30 | 30.95 | 28.21 | 29.17 | 35.25 |
| Corn $/bu 3/ | 1.82 | 1.84 | 1.86 | 1.94 | 2.42 | 2.72 | 2.62 | 2.58 | 2.54 | 2.00 | 2.50 | 2.56 |
| Protein supp. (38-42%) $/cwt 4/ | 15.60 | 15.60 | 15.40 | 15.40 | 15.40 | 19.45 | 19.45 | 19.45 | 18.40 | 18.40 | 18.40 | 17.85 |
| Labor & management $/hr 5/ | 8.35 | 8.35 | 9.44 | 9.44 | 9.44 | 9.32 | 9.32 | 9.32 | 9.70 | 9.70 | 9.70 | 10.09 |
| Interest rate (annual) | 11.22 | 11.22 | 11.02 | 11.02 | 11.02 | 11.17 | 11.17 | 11.17 | 11.62 | 11.62 | 11.62 | 11.91 |
| Transportation rate ($/cwt 100 miles) 6/ | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 | .22 |
| Marketing expenses ($/cwt) 7/ | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 | 1.14 |
| Index of prices paid by farmers (1910-14=100) | 1137 | 1137 | 1158 | 1158 | 1158 | 1182 | 1182 | 1182 | 1193 | 1193 | 1193 | 1202 |

1/ Although a majority of operations in the Corn Belt are from farrow-to-finish, relative fattening expenses will be similar. Costs represent only what expenses would be if all selected items were paid for during the period indicated. The feed rations and expense items do not necessarily coincide with the experience of individual feeders. For individual use, adjust expenses and prices for management, production level, and locality of operation. 2/ Adjusted monthly by the index of prices paid by farmers for commodities, services, interest, taxes, and wage rates. 3/ Average price received by farmers in Iowa and Illinois. 4/ Average prices paid by farmers in Iowa and Illinois. 5/ Assumes an owner-operator receiving twice the farm labor rate. 6/ Converted from cents/mile for a 44,000-pound haul. 7/ Yardage plus commission fees at a Midwest terminal market.

**Per Capita Pork Supply**

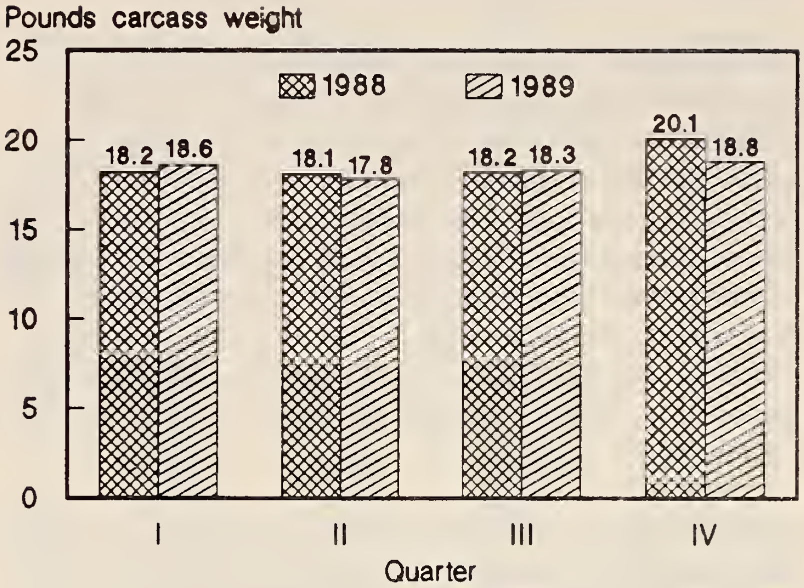



Table 26--U.S. pork trade, carcass weight 1/

| Country or area | 1987 | 1988 | 1988 / 1987 |
|---|---|---|---|
| | Million pounds | | Percent change |
| Imports | | | |
| Canada | 545.6 | 508.8 | -6.7 |
| Denmark | 345.3 | 326.5 | -5.4 |
| Poland | 125.3 | 128.6 | -2.6 |
| Hungary | 50.0 | 44.2 | -11.6 |
| Other | 128.9 | 129.1 | 0.2 |
| Total | 1,195.1 | 1,137.2 | -4.8 |
| Exports | | | |
| Japan | 61.7 | 121.2 | 96.3 |
| Canada | 9.4 | 8.8 | -6.3 |
| Mexico | 7.1 | 34.9 | 391.6 |
| Caribbean | 12.3 | 10.8 | -12.2 |
| Other | 18.8 | 19.5 | 3.7 |
| Total | 109.3 | 195.2 | 78.6 |

1/ Data may not add due to rounding. Percent change calculated from unrounded data.

cent from a year earlier. Both pork production and cold storage stocks may be larger than in third-quarter 1988, when barrow and gilt prices averaged $44 per cwt. A slight increase in hog slaughter is suggested by December 1988-February 1989 farrowing intentions, and the winter pig crop was likely boosted by unusually mild weather through January.

In addition to a larger supply of fresh pork, the market may have to absorb a greater quantity of frozen pork than last summer. Third-quarter 1989 beginning stocks are projected near 450 million pounds (carcass weight equivalent), compared with 437 million pounds a year earlier and the 15-year average of 382 million. Despite historically large stocks last summer, the drawdown of freezer inventories during July-September was below-average. If inventory liquidation is closer to normal this summer, frozen pork supplies will exert greater pressure on wholesale pork and hog prices.

Barrow and gilt prices may hold in the low to mid-$40's per cwt, on average, in the fourth quarter. The seasonal price decline in late summer/early fall is expected to be smaller than usual, due to a smaller seasonal increase in hog slaughter. March-May farrowing intentions indicate that fourth-quarter commercial slaughter may drop 6 percent from a year earlier. The decline in farrowing intentions reflects the poor returns that producers experienced in fourth-quarter 1988. If these intentions are realized, hog prices and returns to producers could turn distinctly higher by the end of 1989.

## U.S. Pork Trade

### *U.S. Imports*

U.S. pork imports for 1988 equaled 1.1 billion pounds carcass weight equivalent, 5 percent lower than for 1987. Although imports from all major regions declined, most of the reduction was the result of a shift from pork to hogs imported from Canada. During the last half of 1988, labor disputes in western Canadian packing plants and anticipation of a lower countervailing duty on Canadian hogs shifted a considerable portion of U.S.-Canadian trade from pork to hogs. During 1988, imports of Canadian pork declined 7 percent while hog imports increased 87 percent from year earlier levels.

Imports of Danish pork in 1988 totaled 327 million pounds, 5 percent below 1987 levels. Declining Danish production reduced available supply and appreciation of the Kroner made Danish exports less competitive. In 1988, Danish pork production declined as a result of low hog prices and increasing costs. Recent Danish legislation requires producers to provide on-farm manure storage for 7 months. Although units under 200 head are currently excluded, the majority of production occurs on operations covered by the legislation, and a number of these were financially stressed by the increased costs.

Danish production is expected to continue to decline slightly during 1989. This is part of an overall reduction in pork production in the European Community due to low prices. As a result, some Danish pork will be diverted to EC markets.

U.S. pork imports for 1989 are forecast to be approximately 1.1 billion pounds, virtually unchanged from 1988. Canadian pork production is expected to be approximately 2 percent below year-ago levels. The countervailing duty on live hog imports has been reduced to Can.$2.20 per cwt. This should continue the trend toward live animal imports. In a preliminary ruling on February 15, the U.S. International Trade Commission (USITC) voted that imports of Canadian pork are injuring U.S. pork producers. Following

Table 27--U.S. live hog trade 1/

| Country or area | 1987 | 1988 | 1988 / 1987 |
|---|---|---|---|
| | 1,000 head | | Percent change |
| Imports | | | |
| Canada | 445.9 | 835.1 | 87.3 |
| Other | .2 | .8 | 326.9 |
| Total | 446.1 | 835.9 | 87.4 |
| Exports | | | |
| Venezuela | .5 | 2.5 | 400.0 |
| Mexico | 1.2 | 84.4 | 6,933.3 |
| Other | 5.6 | 4.4 | -21.4 |
| Total | 7.4 | 91.3 | 1,133.8 |

1/ May not add due to rounding. Percent change calculated from unrounded data.

publication of the USITC findings on February 21, the U.S. Commerce Department will begin preliminary investigations on the level of subsidy. A determination is expected by March 31 and if Commerce finds subsidy it will establish a countervailing duty deposit rate. Seventy-five days after the preliminary findings, Commerce will make a final decision. If that is positive, the case will be referred back to the USITC for a final vote. Under the U.S. Canadian Free Trade Agreement, a decision to apply a countervailing duty can be appealed to either the Binational Dispute Settlement Panel or to GATT (but not both).

### *U.S. Exports*

Last year was very good for U.S. pork exports. Based on increased sales to Mexico and Japan, 1988 exports equaled 195 million pounds, 79 percent more than in 1987 and the highest level since 1983. Exports to Japan exceeded 121 million pounds. The United States experienced a dramatic increase in exports as a result of sulfamethazine residue in Taiwanese pork but was unable to maintain its market share. Although exports to Japan continued at levels above those in 1987, exports declined from their May high and the U.S. share of the market fell from 22 percent in May to 11 percent in November.

U.S. exports to Mexico increased dramatically in 1988 as the Mexican government increased import licenses to insure sufficient meat supplies. The United States exported 35 million pounds of pork and 84,400 live hogs to Mexico.

However, both these phenomena are short term. U.S. pork exports are expected to be approximately 130 million pounds, down 33 percent from 1988. Both Taiwan and Denmark continue their dominance of the Japanese pork import market. Total Japanese pork imports are expected to remain at 1988 levels and with Taiwan regaining its market share, the United States will probably see its market share slip further. Pork exports to Mexico are not expected to achieve 1988 levels.

# Poultry And Eggs

## Broilers

### *Broiler Production To Increase In 1989*

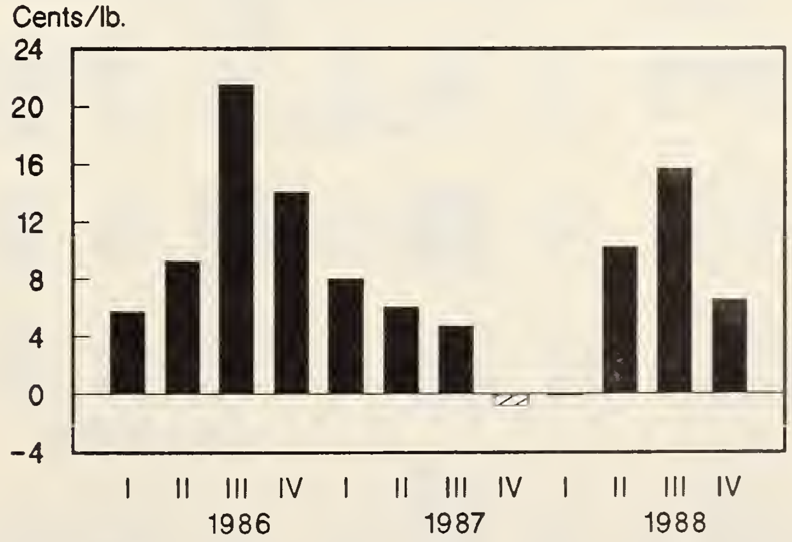
Broiler production is forecast to increase 5 percent in 1989, following very favorable net returns in 1988. Wholesale broiler prices will probably remain about unchanged because of decreasing beef supplies and increasing poultry supplies. Total per capita meat disappearance will probably be unchanged to slightly above 1988.

Broiler production during first-quarter 1989 will likely increase 3 percent from a year earlier. The November hatch and December broiler chick placements were nearly 3 percent above a year earlier. Weekly broiler chick placements during January increased nearly 3 percent. The hatching-egg flock was even with a year earlier on January 1. During late January and early February, broiler eggs set in incubators were 6-8 percent higher than a year earlier, an early sign that production rates may be increasing. Second-quarter production is forecast to increase 4 percent from the previous year.

### *Long-Term Indicators Show Higher Growth*

Long-term indicators imply that the annual rate of growth in broiler production will probably increase slightly during second-half 1989. Net returns for whole birds remained positive during the fourth quarter, averaging an estimated 7 cents per pound. Net returns are expected to remain positive throughout 1989 unless another drought materializes and pushes feed costs higher. With higher than year-earlier feed costs during first-half 1989 and expected lower feed costs during the second half, the largest production increases will probably come in second-half 1989.

**Broiler Industry Net Returns***




* Wholesale.

The broiler hatchery supply flock is estimated to be slightly below year-earlier levels by July 1989. The flock size is only a rough indicator of broiler hen egg-laying capacity because hens can be molted and returned to egg production if unexpected profitability arises, or if excess capacity exists, broiler eggs can be sold as shell eggs or be sent to egg product processors. During 1988, excess capacity may have occurred as the estimated supply flock was as much as 14 percent larger than the previous year during early 1988, a time when production was increasing only 7 percent. During that period, there were reports of more than the usual number of broiler eggs being sent to egg breakers. Thus, the size of the broiler hatchery supply flock which will be slightly below a year earlier in July 1989 may only be an indication of the excess capacity which existed in the past, not a sign of lower production ahead.

### *Broiler Prices to Remain Nearly Unchanged*

The 12-city wholesale composite broiler price is forecast to average 53-59 cents per pound in 1989, compared with 56 cents in 1988. Broiler prices are expected to tail off through the year even though per capita beef supplies are declining. Increasing rates of production for poultry will more than offset declines in beef and put pressure on broiler prices as the year progresses. First-quarter 1989 prices, at 57-59 cents per pound, will remain near fourth-quarter 1988 prices, but be substantially above the year-earlier 45 cents. Second-quarter prices of 54-60 cents may be slightly down from the previous quarter but still be above second-quarter 1988.

## Turkeys

### *Turkey Production To Increase in 1989*

Turkey production is forecast to increase almost 4 percent in 1989, following lackluster annual net returns for whole birds

Table 28--Broiler chicks hatched and pullet chicks placed in hatchery supply flocks, 1986-88

| Month | Broiler-type chicks | | | Pullet chicks placed in broiler hatchery supply flocks | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | Monthly placements | | | Cumulative placements 7-14 months earlier | | | |
| | 1986 | 1987 | 1988 | 1986 | 1987 | 1988 | 1986 | 1987 | 1988 | 1989 |
| | Thousands | | | | | | | | | |
| January | 409,336 | 439,442 | 464,527 | 3,395 | 4,077 | 3,389 | 27,483 | 29,039 | 33,028 | 31,691 |
| February | 376,092 | 405,252 | 431,724 | 3,420 | 3,699 | 4,038 | 27,940 | 29,427 | 33,254 | 31,539 |
| March | 432,871 | 456,081 | 482,769 | 3,675 | 4,111 | 4,538 | 27,374 | 29,523 | 32,805 | 31,470 |
| April | 424,078 | 455,679 | 470,154 | 4,062 | 4,713 | 3,831 | 27,156 | 29,722 | 32,185 | 32,043 |
| May | 438,623 | 473,827 | 485,489 | 3,938 | 4,055 | 4,197 | 27,321 | 30,148 | 32,612 | 32,136 |
| June | 428,691 | 461,421 | 472,549 | 3,515 | 4,181 | 3,818 | 27,002 | 30,242 | 32,264 | 31,194 |
| July | 429,883 | 463,321 | 471,469 | 3,672 | 3,995 | 3,611 | 26,868 | 30,603 | 31,668 | 31,513 |
| August | 415,991 | 455,676 | 478,787 | 3,846 | 3,974 | 4,048 | 26,591 | 30,742 | 31,002 | |
| September | 401,676 | 433,769 | 454,308 | 3,594 | 3,457 | 3,962 | 26,849 | 30,926 | 30,859 | |
| October | 416,193 | 441,893 | 452,256 | 3,846 | 4,126 | 4,131 | 27,124 | 31,365 | 31,402 | |
| November | 402,582 | 423,147 | 437,079 | 3,769 | 3,763 | 3,596 | 28,021 | 32,232 | 31,259 | |
| December | 437,287 | 469,720 | 487,540 | 4,423 | 4,117 | 4,150 | 28,706 | 32,693 | 31,999 | |

Table 29--Broilers: Eggs set and chicks placed weekly in 15 commercial States, 1988-89 1/

| Period 2/ | Eggs set | | | Chicks placed | | |
|---|---|---|---|---|---|---|
| Month and day 2/ | 1988 | 1989 | Percent of previous year | 1988 | 1989 | Percent of previous year |
| | - - - Thousands - - - | | Percent | - - - Thousands - - - | | Percent |
| January | | | | | | |
| 7 | 118,893 | 123,924 | 104 | 96,666 | 96,455 | 100 |
| 14 | 117,603 | 120,144 | 102 | 94,999 | 98,166 | 104 |
| 21 | 115,673 | 123,060 | 106 | 94,742 | 99,037 | 105 |
| 28 | 115,911 | 124,909 | 108 | 95,635 | 98,472 | 103 |
| February | | | | | | |
| 4 | 119,949 | 125,473 | 105 | 94,688 | 95,785 | 101 |
| 11 | 120,719 | | | 92,550 | | |
| 18 | 121,833 | | | 91,535 | | |
| 25 | 122,959 | | | 95,654 | | |
| March | | | | | | |
| 4 | 122,303 | | | 96,368 | | |
| 11 | 122,207 | | | 97,797 | | |
| 18 | 121,908 | | | 98,777 | | |
| 25 | 120,322 | | | 98,422 | | |

1/ 15 States: Ala., Ark., Calif., Del., Fla., Ga., Md., Miss., N.C., Pa., S.C., Tenn., Tex., Va., and W. Va.
2/ Weeks in 1988 and corresponding weeks in 1987.

in the previous 2 years. However, turkey producers reported intentions to raise output nearly 7 percent in 1989. The industry seems to be optimistic about declining feed costs and higher prices later in the year. Cumulative placements for 1989 slaughter have increased only 2 percent from the previous year with 5 of 12 months collected.

Turkey production is projected to increase about 2 percent during first-quarter 1989. Cumulative placements for first-quarter slaughter increased 2 percent from a year ago, although average liveweights could make significant differences. Average liveweights were nearly 3 percent larger in 1988, although fourth-quarter liveweights were only 1 percent more than a year earlier. December 1988 liveweights fell more than a percentage point from the previous year, yet in January 1989 weights appear to have rebounded, increasing more than 1 percent from the previous January.

Beginning turkey stocks in 1989 were 252 million pounds, or about 11 percent below a year earlier. Turkey stocks are projected to increase in a normal seasonal pattern to more than 550 million pounds by the the beginning of the fourth quarter. Per capita consumption during 1989 is expected to rise slightly to around a record 16.9 pounds.

Table 30--Federally inspected young chicken slaughter, 1987-88

| Year | Number | Average weight | Live-weight | Certified RTC |
|---|---|---|---|---|
| | Million | Pounds | - Million pounds - | |
| 1987 | | | | |
| I | 1,188 | 4.33 | 5,149 | 3,735 |
| II | 1,252 | 4.29 | 5,365 | 3,907 |
| III | 1,302 | 4.20 | 5,470 | 3,966 |
| IV | 1,230 | 4.35 | 5,355 | 3,895 |
| Year | 4,971 | 4.29 | 21,333 | 15,502 |
| 1988 | | | | |
| I | 1,267 | 4.35 | 5,511 | 3,996 |
| II | 1,303 | 4.30 | 5,611 | 4,079 |
| III | 1,316 | 4.20 | 5,529 | 4,033 |
| IV 1/ | 1,223 | 4.37 | 5,350 | 3,866 |
| Year | 5,109 | 4.31 | 22,001 | 15,974 |

1/Preliminary

#### *Turkey Prices To Rise*

Wholesale hen turkey prices in the East during 1989 are projected to average 63-69 cents per pound, above the 61 cents in 1988. Most of the price strength will result from declining per capita red meat supplies during the second half of the year and end-of-the-year holiday demand factors. With lower than year-earlier beginning stocks, first-quarter prices will likely average 60-62 cents, substantially above the 49 cents received in first-quarter 1988. Second-quarter prices are forecast to fall slightly from the first quarter to 55-61 cents per pound, but still be above the 51 cents a year earlier.

#### *Turkeys Raised in 1988 Up 1 Percent*

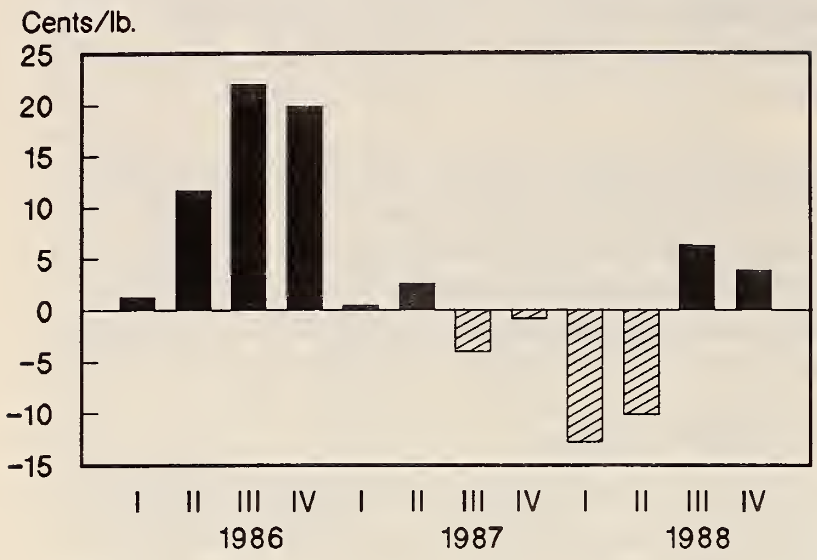
Turkeys raised in 1988 increased 1 percent to 242 million birds. North Carolina continues to lead with 48 million birds or 20 percent of the total. Minnesota was next with 16 percent, followed by California, 11 percent; and Arkansas, 7 percent. Virtually tied for fifth place were Missouri and Vir-

Table 31--Young chicken prices and price spreads, 1986-88

| Item | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Avg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Cents per pound | | | | | | | |
| Farm price 1/ | | | | | | | | | | | | | |
| 1986 | 30.6 | 29.2 | 29.7 | 29.5 | 32.2 | 35.4 | 42.7 | 43.9 | 36.5 | 39.3 | 34.9 | 30.4 | 34.5 |
| 1987 | 31.0 | 30.0 | 29.0 | 29.2 | 29.9 | 27.6 | 27.6 | 31.7 | 27.8 | 25.1 | 26.3 | 24.6 | 28.3 |
| 1988 | 27.1 | 25.7 | 27.5 | 28.0 | 33.5 | 36.7 | 42.1 | 41.9 | 39.2 | 37.5 | 35.0 | 35.5 | 34.1 |
| Wholesale RTC 12-city avg. 2/ | | | | | | | | | | | | | |
| 1986 | 51.7 | 49.0 | 50.3 | 50.0 | 54.6 | 58.3 | 69.1 | 69.7 | 61.0 | 61.6 | 57.5 | 50.0 | 56.9 |
| 1987 | 51.8 | 49.8 | 48.5 | 48.6 | 50.5 | 45.5 | 47.0 | 52.6 | 46.4 | 43.2 | 44.6 | 39.8 | 47.4 |
| 1988 | 43.9 | 44.9 | 48.4 | 48.7 | 56.3 | 61.5 | 66.5 | 68.9 | 62.8 | 57.7 | 57.1 | 58.8 | 56.3 |
| U.S. avg. retail price | | | | | | | | | | | | | |
| 1986 | 76.6 | 77.1 | 76.7 | 75.2 | 76.9 | 79.5 | 88.9 | 95.8 | 91.0 | 90.0 | 87.8 | 86.5 | 83.5 |
| 1987 | 82.1 | 83.2 | 80.4 | 79.2 | 78.2 | 77.1 | 75.5 | 78.5 | 79.3 | 79.1 | 75.6 | 73.6 | 78.5 |
| 1988 | 74.0 | 74.5 | 75.3 | 76.0 | 79.6 | 86.8 | 93.7 | 96.1 | 97.5 | 93.2 | 89.2 | 88.5 | 85.4 |
| Price spreads Retail-to-cons. | | | | | | | | | | | | | |
| 1986 | 19.5 | 21.8 | 21.0 | 19.2 | 16.3 | 15.5 | 16.4 | 20.0 | 21.6 | 20.5 | 22.6 | 30.0 | 20.4 |
| 1987 | 24.3 | 26.8 | 25.2 | 25.3 | 21.2 | 18.7 | 21.2 | 20.2 | 33.1 | 30.2 | 25.2 | 26.1 | 24.8 |
| 1988 | 23.7 | 24.4 | 21.6 | 20.5 | 16.5 | 18.0 | 22.8 | 21.9 | 29.9 | 28.8 | 26.7 | 24.0 | 23.2 |
| | | | | | | | 1982-84 = 100 | | | | | | |
| Retail pr. index Wh. chickens | | | | | | | | | | | | | |
| 1986 | 105.0 | 105.6 | 106.0 | 103.9 | 106.1 | 109.8 | 121.9 | 132.3 | 125.5 | 124.9 | 123.0 | 121.0 | 115.4 |
| 1987 | 119.5 | 118.7 | 115.2 | 113.1 | 112.9 | 111.6 | 109.9 | 113.9 | 114.6 | 113.0 | 109.2 | 107.7 | 113.3 |
| 1988 | 107.9 | 109.5 | 110.3 | 111.6 | 117.4 | 125.9 | 137.4 | 140.1 | 142.0 | 136.0 | 131.7 | 131.0 | 125.1 |

1/ Live weight. 2/ 12-city composite weighted average.

## Turkey Industry Net Returns*




* Wholesale.

Table 32--Estimated costs and returns, 1987-88 1/

| Year | Production costs: Feed | Production costs: Total | Wholesale: Total costs 2/ | Wholesale: Price 3/ | Net returns |
|---|---|---|---|---|---|
| Market eggs (cts/doz) | | | | | |
| 1987 | | | | | |
| I | 21.8 | 40.0 | 60.5 | 66.4 | 5.9 |
| II | 23.1 | 41.3 | 61.8 | 58.9 | -2.9 |
| III | 23.9 | 42.1 | 62.6 | 64.1 | 1.5 |
| IV | 24.5 | 42.7 | 63.2 | 59.7 | -3.5 |
| Year 4/ | 23.3 | 41.5 | 62.0 | 62.2 | 0.2 |
| 1988 | | | | | |
| I | 26.1 | 44.3 | 64.8 | 57.1 | -7.8 |
| II | 27.1 | 45.3 | 65.8 | 54.6 | -11.2 |
| III | 34.1 | 52.3 | 72.8 | 73.6 | .7 |
| IV 5/ | 33.5 | 51.7 | 72.2 | 70.5 | -1.8 |
| Year 4/ 5/ | 30.2 | 48.4 | 68.9 | 63.9 | -5.0 |
| Broilers (cts/lb) | | | | | |
| 1987 | | | | | |
| I | 12.7 | 20.7 | 42.0 | 50.0 | 8.0 |
| II | 12.8 | 20.8 | 42.1 | 48.1 | 6.0 |
| III | 14.3 | 22.3 | 44.1 | 48.8 | 4.7 |
| IV | 13.7 | 21.7 | 43.4 | 42.5 | -0.8 |
| Year 4/ | 13.4 | 21.4 | 42.9 | 47.4 | 4.4 |
| 1988 | | | | | |
| I | 15.4 | 23.4 | 45.6 | 45.5 | -0.1 |
| II | 15.3 | 23.3 | 45.5 | 55.7 | 10.2 |
| III | 19.0 | 27.0 | 50.4 | 66.1 | 15.6 |
| IV 5/ | 19.7 | 27.7 | 51.4 | 57.9 | 6.5 |
| Year 4/ 5/ | 17.4 | 25.4 | 48.2 | 56.3 | 8.1 |
| Turkeys (cts/lb) | | | | | |
| 1987 | | | | | |
| I | 18.4 | 32.1 | 56.5 | 57.0 | 0.5 |
| II | 18.2 | 31.9 | 56.1 | 58.7 | 2.6 |
| III | 20.4 | 34.1 | 58.9 | 55.0 | -4.0 |
| IV | 19.8 | 33.5 | 58.2 | 57.4 | -0.8 |
| Year 4/ | 19.4 | 33.1 | 57.6 | 57.0 | -0.7 |
| 1988 | | | | | |
| I | 21.9 | 35.6 | 60.8 | 48.1 | -12.8 |
| II | 22.0 | 35.7 | 60.9 | 50.7 | -10.1 |
| III | 25.4 | 39.1 | 65.2 | 71.5 | 6.3 |
| IV 5/ | 28.6 | 42.3 | 69.2 | 73.1 | 3.9 |
| Year 4/ 5/ | 24.7 | 38.4 | 64.3 | 61.8 | -2.5 |

1/ Costs and prices are weighted by monthly production. 2/ Based on farm cost converted to wholesale market value. 3/ Wholesale prices used are the 12-metro area egg price, 12-city weighted average broiler price, and a weighted average of 8-16 lb. young hens and 14-22 lb. toms in Central, Western, and Eastern Regions. 4/ Weighted average. 5/ Preliminary.

Table 33--Turkey hatchery operations, 1986-89 1/

| Month | Total turkey placed 2/: 1986/1987 | 1987/1988 | 1988/1989 | Eggs in incubators first of month, changes from previous year: 1986/1987 | 1987/1988 | 1988/1989 |
|---|---|---|---|---|---|---|
| | - - Thousands - - | | | - - - Percent - - - | | |
| Sept. | 13,620 | 15,024 | 16,028 | +18 | +16 | +9 |
| Oct. | 14,135 | 16,743 | 16,193 | +17 | +18 | +3 |
| Nov. | 13,836 | 17,714 | 18,321 | +11 | +21 | 0 |
| Dec. | 17,705 | 19,956 | 20,030 | +18 | +15 | +4 |
| Jan. | 21,646 | 22,307 | 23,149 | +27 | +9 | +4 |
| Feb. | 21,265 | 23,059 | | +14 | +8 | +6 |
| Mar. | 25,401 | 25,043 | | +19 | +3 | |
| Apr. | 26,703 | 24,647 | | +17 | -2 | |
| May | 26,623 | 25,313 | | +16 | -5 | |
| June | 27,265 | 25,874 | | +15 | -4 | |
| July | 25,999 | 23,851 | | +19 | 0 | |
| Aug. | 19,889 | 19,289 | | +22 | -4 | |

1/ Breakdown by breed not shown to avoid disclosing individual operations. 2/ Excludes exported poults.

Table 34--Federally inspected turkey slaughter, 1987-88

| Year | Number | Average weight | Live-weight | Certi-fied RTC |
|---|---|---|---|---|
| | Million | Pounds | - Million pounds - | |
| 1987 | | | | |
| I | 40.9 | 20.7 | 846.7 | 670.1 |
| II | 55.4 | 19.7 | 1,090.8 | 864.9 |
| III | 69.9 | 19.9 | 1,390.7 | 1,100.1 |
| IV | 64.8 | 21.1 | 1,365.5 | 1,081.9 |
| Year | 231.1 | 20.4 | 4,693.7 | 3,717.1 |
| 1988 | | | | |
| I | 50.3 | 21.0 | 1,054.0 | 836.6 |
| II | 59.9 | 20.6 | 1,235.3 | 980.3 |
| III | 65.8 | 20.4 | 1,344.1 | 1,066.3 |
| IV | 59.4 | 21.4 | 1,271.7 | 1,012.6 |
| Year | 235.4 | 20.8 | 4,905.1 | 3,895.8 |

counted for nearly 68 percent of the turkeys raised in 1987 and 1988. The ranking was virtually the same both years.

## Eggs

### *1989 Egg Production Expected Down*

For 1989, egg production is expected to decline about 2 percent because of a seasonally smaller laying flock most of the year. First-quarter 1989 production is projected to be 3 percent below a year earlier. For the second through fourth quarters, year-on-year production changes are forecast down 3, 1.5, and 1 percent, respectively.

During 1988, egg producers realized the lowest net returns since USDA started estimating these figures in 1972. Low egg prices during the first half of the year kept net returns negative. Egg prices rose in the second half, but higher feed costs resulted in negative returns for the period. Estimated net returns to egg producers were about 2.9 cents per dozen in December. Net returns for 1988 were negative 5 cents per

Table 35--Turkey prices and price spreads, 1986-88

| Item | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Av. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Cents per pound | | | | | | | |
| Farm price 1/ | | | | | | | | | | | | | |
| 1986 | 35.6 | 36.3 | 36.9 | 38.1 | 40.9 | 45.9 | 49.3 | 50.9 | 51.4 | 53.0 | 51.5 | 43.0 | 44.4 |
| 1987 | 35.1 | 35.8 | 35.7 | 36.3 | 35.5 | 34.1 | 33.5 | 32.1 | 31.3 | 30.2 | 34.0 | 38.4 | 34.3 |
| 1988 | 31.8 | 29.0 | 28.2 | 28.4 | 29.7 | 31.6 | 39.4 | 41.6 | 45.7 | 47.8 | 47.6 | 37.6 | 36.5 |
| New York, hens 8-16 lbs 2/ | | | | | | | | | | | | | |
| 1986 | 60.3 | 61.7 | 63.9 | 64.6 | 67.1 | 73.8 | 77.9 | 80.5 | 81.2 | 83.2 | 80.7 | 71.1 | 72.2 |
| 1987 | 55.3 | 58.5 | 60.3 | 58.3 | 55.3 | 55.7 | 56.3 | 56.1 | 56.1 | 54.7 | 60.7 | 66.5 | 57.8 |
| 1988 | 52.8 | 47.1 | 47.0 | 46.9 | 49.2 | 57.1 | 70.8 | 70.5 | 76.0 | 79.6 | 76.0 | 61.7 | 61.2 |
| 4-region average retail price | | | | | | | | | | | | | |
| 1986 | 106.3 | 107.8 | 104.8 | 104.2 | 103.4 | 102.3 | 105.6 | 109.5 | 111.9 | 112.9 | 108.1 | 102.1 | 106.6 |
| 1987 | 103.6 | 103.2 | 103.0 | 100.4 | 102.8 | 105.1 | 105.8 | 105.1 | 103.3 | 102.6 | 90.0 | 89.3 | 101.2 |
| 1988 | 93.1 | 92.9 | 91.0 | 89.4 | 92.9 | 92.9 | 96.0 | 99.5 | 100.6 | 104.0 | 99.2 | 97.1 | 95.7 |
| Price spreads Retail-to-consumer | | | | | | | | | | | | | |
| 1986 | 33.7 | 36.7 | 32.5 | 31.3 | 27.1 | 19.0 | 19.3 | 19.5 | 21.7 | 20.2 | 16.2 | 21.8 | 24.9 |
| 1987 | 39.8 | 37.4 | 35.4 | 33.4 | 37.3 | 40.1 | 41.1 | 41.8 | 39.0 | 38.3 | 22.0 | 13.5 | 34.9 |
| 1988 | 29.8 | 35.0 | 33.4 | 33.0 | 35.1 | 24.6 | 23.7 | 21.0 | 17.3 | 16.5 | 14.7 | 26.7 | 25.9 |
| | | | | | | 1982-84 = 100 | | | | | | | |
| Consumer pr. index 3/ | | | | | | | | | | | | | |
| 1986 | 111.6 | 112.5 | 111.1 | 109.7 | 110.5 | 109.8 | 110.9 | 111.7 | 114.5 | 117.1 | 113.9 | 112.3 | 112.1 |
| 1987 | 113.3 | 111.6 | 112.0 | 109.6 | 111.6 | 111.8 | 112.1 | 111.6 | 109.4 | 109.2 | 103.5 | 103.9 | 110.0 |
| 1988 | 107.7 | 107.2 | 107.2 | 107.5 | 108.3 | 109.3 | 109.8 | 112.4 | 114.2 | 115.5 | 113.1 | 113.3 | 110.5 |

1/ Live weight. 2/ Wholesale, ready-to-cook. 3/ Other poultry CPI.

dozen. The industry responded by sharply reducing the size of the laying flock. On January 1, the table egg-laying flock was 6 percent below a year earlier.

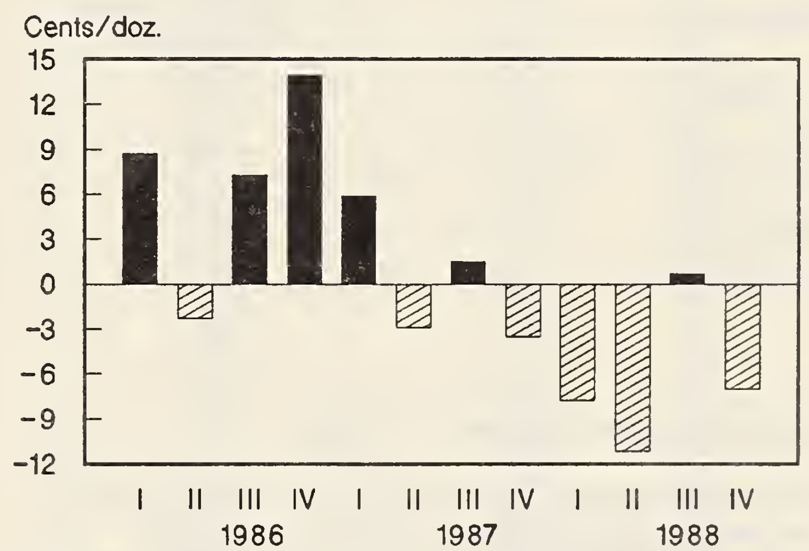
***Table Egg Production Significantly Lower***

Table egg production during 1989 is projected to be down 3 percent from a year earlier. During December, the table-egg laying flock, which represents about 85 percent of the total laying flock, was over 5 percent smaller than a year earlier. The number of table egg-type layers is expected to decrease over the next two quarters, following the typical seasonal pattern of lows in June-July and highs in November-December. However, table egg-type layers are expected to remain well below year-earlier levels for the next several quarters.

Table egg laying-type eggs set and chicks placed, key indicators of changes in future flock numbers, have been running well below a year earlier. Egg-type chicks hatched during December 1988 were more than 13 percent below a year earlier. The number of eggs in incubators on January 1 was only 80 percent of the year-earlier figure, therefore, hatch during January is likely to also be well below year-earlier.

Light-type hen slaughter during the fourth quarter of 1988 was down 16 percent from the year-earlier figure, down 19 percent during December, and 5.5 percent below 1987's figure for all of 1988. The year-on-year decline was caused by sharply lower slaughter in the second half of 1988. The proportion of the flock which had completed a molt on January 1 was 23.3 percent compared to the previous year's 20.9 percent. This, along with the slaughter data, suggest

**Egg Industry Net Returns***




* Wholesale.

that a significant number of older hens continue to be retained.

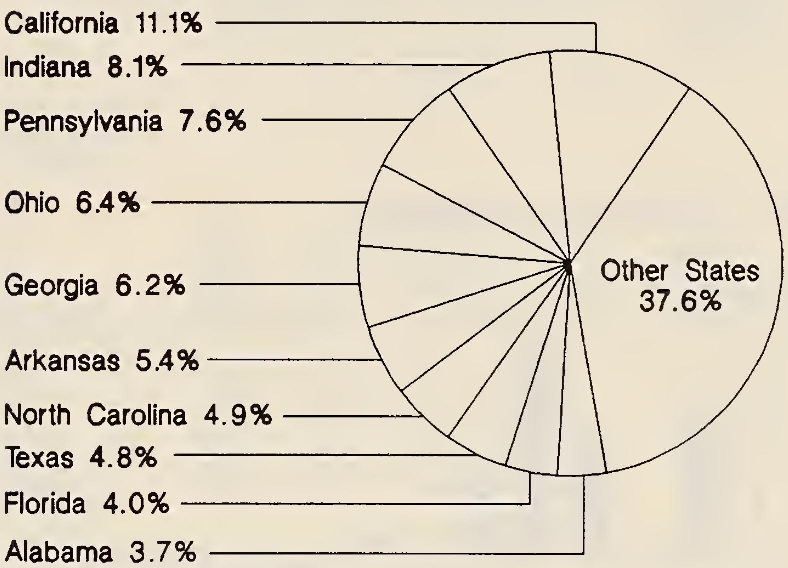
Producers are reluctant to expand the laying flock as evidenced by recent data on egg-type chick hatch and eggs in incubators. During 1988, egg-type hatch was 14.4 percent below the 1987 figure. Egg-type eggs in incubators on the first of November and December 1988 and January 1989 were up 1 percent, and then down 11 and 20 percent, respectively. Hatch numbers and eggs in incubators indicate plans of producers to maintain a smaller flock in 1989.

Table 36--Force moltings and light-type hen slaughter, 1987-89

| Month | Force molted layers 1/ | | | | | | Light-type hens slaughtered under Federal inspection 2/ (Number) | | |
|---|---|---|---|---|---|---|---|---|---|
| | Being molted | | | Molt completed | | | | | |
| | 1987 | 1988 | 1989 | 1987 | 1988 | 1989 | 1986 | 1987 | 1988 |
| | - - - - Percent - - - - | | | | | | - - - Thousands - - - | | |
| January | 4.2 | 3.8 | 4.0 | 20.9 | 20.9 | 23.3 | 13,890 | 13,002 | 13,588 |
| February | 4.6 | 5.0 | | 19.1 | 20.4 | | 12,221 | 13,342 | 14,647 |
| March | 3.8 | 3.8 | | 20.1 | 20.6 | | 14,201 | 13,450 | 15,513 |
| April | 2.8 | 3.9 | | 19.6 | 19.4 | | 14,761 | 14,428 | 15,034 |
| May | 5.4 | 5.9 | | 18.8 | 18.7 | | 13,277 | 12,870 | 14,116 |
| June | 6.4 | 7.6 | | 18.5 | 20.0 | | 14,875 | 13,791 | 13,159 |
| July | 4.7 | 6.0 | | 20.5 | 21.3 | | 12,280 | 12,481 | 8,601 |
| August | 4.9 | 4.7 | | 21.0 | 22.1 | | 11,682 | 12,518 | 10,555 |
| September | 5.3 | 4.3 | | 21.7 | 22.4 | | 11,185 | 10,813 | 9,120 |
| October | 4.9 | 4.5 | | 21.3 | 22.4 | | 12,450 | 12,054 | 9,555 |
| November | 4.2 | 3.9 | | 21.4 | 22.7 | | 10,019 | 11,410 | 10,741 |
| December | 3.4 | 3.5 | | 22.4 | 24.1 | | 12,975 | 15,957 | 12,864 |

1/ Percent of hens and pullets of laying age in 15 selected States. 2/ Revisions include data from late reports or other corrections developed by the Food Safety and Inspection Service.

## Egg Production by State




### *Egg Consumption Decline to Continue*

Consumption of eggs in all forms in 1988 totaled about 244 per person, a decline of about 5 eggs from 1987. The reasons for a continued decline are well known and include a general move toward lighter or no breakfasts and general health concerns. The 1989 forecast calls for a decline of 8 eggs, with per capita consumption put at 236 eggs.

### *Production of Egg Products Up*

During 1988, nearly 4 percent more shell eggs were used in producing liquid, frozen, and dried egg products than a year earlier. Liquid egg production for immediate consumption was up nearly 12 percent, frozen egg products rose 3 percent, while dried product output was nearly 2 percent lower. The egg product sector has been the only real growth area in the egg industry. In 1988, processed egg products accounted for about 17 percent of total egg production, and about 47 eggs per person.

### *Egg Prices Volatile*

For 1989, wholesale prices in New York city are expected to average 67-73 cents per dozen, 5-11 cents above the 1988 level. Prices are expected to average in the 65-70 cent per dozen range in the first and second quarters, then strengthen to the low-70-cent per dozen area in the third quarter, and move to the upper-70-cent range during the fourth quarter.

### *Outlook for Estimated Net Returns Uncertain for 1989*

For 1989, net returns are projected to be well below breakeven during the first half of the year. For the third quarter, a projection of lower feed costs coupled with higher egg prices may result in net returns averaging about 1-5 cents per dozen. The tentative outlook for the fourth quarter is more favorable, however, as sharply lower feed costs and rising egg prices raise net returns to 10-15 cents per dozen.

## Poultry Trade

### *U.S. Broiler Exports Reach Record in 1988*

Broiler exports during 1988, at 765 million pounds, were a record, up about 2 percent from 1987. Total export value was $385 million, up 9 percent as the average export unit value rose over 6 percent, to 50 cents a pound. Parts made up 88 percent of total exports compared to 81 percent during 1987.

Japan's market dominance increased as it took a 33-percent share of total U.S. broiler exports during 1988, compared to 23 percent a year earlier. Strong demand in Japan and the lower dollar/yen exchange rate were factors. Mexico's imports were also up sharply, assisted by the Commodity Credit Corporation (CCC) export credit guarantees, and a liberalized import policy. Sales to Jamaica, at 59 million pounds, were up 40 percent over a year earlier to offset domestic production losses caused by Hurricane Gilbert. Exports to Egypt and Iraq dropped due to increased self suf-

Table 37--Egg-type chick hatchery operations, 1986-1989

| Month | Hatch 1986 | Hatch 1987 | Hatch 1988 | Eggs in incubators first of month, changes from previous year 1987 | 1988 | 1989 |
|---|---|---|---|---|---|---|
| | - - Thousands - - | | | - - Percent - - | | |
| Jan. | 34,538 | 34,156 | 29,472 | 5 | -4 | -20 |
| Feb. | 34,826 | 35,815 | 28,468 | 4 | -24 | |
| Mar. | 38,523 | 41,708 | 34,743 | 5 | -17 | |
| Apr. | 42,359 | 42,356 | 35,051 | -2 | -17 | |
| May | 42,465 | 40,858 | 35,824 | 1 | -16 | |
| June | 37,253 | 37,256 | 32,987 | 1 | -7 | |
| July | 33,575 | 33,375 | 24,806 | -4 | -23 | |
| Aug. | 33,382 | 34,667 | 27,270 | 8 | -24 | |
| Sept. | 32,638 | 31,800 | 30,556 | 4 | -10 | |
| Oct. | 32,444 | 33,959 | 30,662 | 9 | -13 | |
| Nov. | 27,456 | 30,593 | 29,219 | 10 | 1 | |
| Dec. | 33,262 | 31,242 | 27,041 | -7 | -11 | |

Table 38--Layers on farms and eggs produced, 1987-88 1/

| Quarters | Number of layers 1987 | 1988 | Eggs per layer 1987 | 1988 | Eggs produced 1987 | 1988 |
|---|---|---|---|---|---|---|
| | - Million - | | - Number - | | Million dozen | |
| I | 282 | 283 | 61.0 | 62.2 | 1,434.6 | 1,467.1 |
| II | 280 | 275 | 63.1 | 63.4 | 1,472.1 | 1,453.1 |
| III | 277 | 269 | 62.1 | 62.9 | 1,432.7 | 1,408.0 |
| IV | 283 | 274 | 61.6 | 62.2 | 1,451.7 | 1,420.1 |
| Annual | 280 | 275 | 247.8 | 250.7 | 5,791.0 | 5,748.3 |

1/ Marketing year beginning December 1.

Table 39- Layers and egg production: Number produced, average number of layers, and eggs per layer 1/

| States | Number of eggs produced 1987 | 1988 | Annual average number of layers 2/ 1987 | 1988 | Eggs per layer 2/ 1987 | 1988 |
|---|---|---|---|---|---|---|
| | -- Million eggs -- | | -- Thousand -- | | -- Number -- | |
| Alabama | 2,605 | 2,596 | 11,018 | 11,002 | 236 | 236 |
| Alaska | 7 | 1 | 31 | 4 | 213 | 175 |
| Arizona | 98 | 86 | 389 | 324 | 252 | 265 |
| Arkansas | 3,874 | 3,784 | 16,084 | 15,778 | 241 | 240 |
| California | 8,023 | 7,718 | 33,376 | 31,467 | 240 | 245 |
| Colorado | 641 | 784 | 2,719 | 3,056 | 236 | 257 |
| Connecticut | 1,200 | 1,121 | 4,901 | 4,373 | 245 | 256 |
| Delware | 144 | 146 | 688 | 677 | 209 | 216 |
| Florida | 2,568 | 2,758 | 10,376 | 11,121 | 247 | 248 |
| Georgia | 4,476 | 4,294 | 18,407 | 17,822 | 243 | 241 |
| Hawaii | 223 | 224 | 975 | 1,016 | 229 | 221 |
| Idaho | 238 | 217 | 969 | 921 | 246 | 236 |
| Illinois | 709 | 780 | 2,819 | 3,114 | 252 | 250 |
| Indiana | 5,750 | 5,644 | 22,178 | 21,435 | 259 | 263 |
| Iowa | 1,534 | 1,979 | 6,175 | 7,759 | 248 | 255 |
| Kansas | 486 | 396 | 1,886 | 1,529 | 258 | 259 |
| Kentucky | 466 | 457 | 1,919 | 1,845 | 243 | 248 |
| Louisiana | 323 | 311 | 1,472 | 1,401 | 219 | 222 |
| Maine | 1,327 | 1,300 | 4,809 | 4,880 | 276 | 266 |
| Maryland | 926 | 932 | 3,742 | 3,554 | 247 | 262 |
| Massachusetts | 273 | 262 | 1,056 | 973 | 259 | 269 |
| Michigan | 1,656 | 1,553 | 6,628 | 6,079 | 250 | 255 |
| Minnesota | 2,263 | 2,250 | 9,175 | 9,005 | 247 | 250 |
| Mississippi | 1,259 | 1,251 | 5,272 | 5,170 | 239 | 242 |
| Missouri | 1,525 | 1,526 | 6,280 | 6,145 | 243 | 248 |
| Montana | 205 | 194 | 789 | 773 | 260 | 251 |
| Nebraska | 869 | 902 | 3,570 | 3,672 | 243 | 246 |
| Nevada | 2 | 2 | 12 | 13 | 183 | 169 |
| New hampshire | 76 | 51 | 284 | 202 | 268 | 252 |
| New Jersey | 475 | 486 | 1,796 | 1,794 | 264 | 271 |
| New Mexico | 302 | 287 | 1,207 | 1,141 | 250 | 252 |
| New York | 1,115 | 1,013 | 4,367 | 3,878 | 255 | 261 |
| North Carolina | 3,251 | 3,396 | 13,886 | 14,281 | 234 | 238 |
| North Dakota | 58 | 59 | 246 | 246 | 236 | 240 |
| Ohio | 4,351 | 4,477 | 16,662 | 17,129 | 261 | 261 |
| Oklahoma | 805 | 803 | 3,463 | 3,424 | 232 | 235 |
| Oregon | 638 | 617 | 2,488 | 2,351 | 256 | 262 |
| Pennsylvania | 4,853 | 5,302 | 18,266 | 19,758 | 266 | 268 |
| Rhode Island | 55 | 52 | 213 | 201 | 258 | 259 |
| South Carolina | 1,604 | 1,432 | 6,305 | 5,500 | 254 | 260 |
| South Dakota | 358 | 348 | 1,501 | 1,414 | 239 | 246 |
| Tennessee | 670 | 532 | 2,684 | 2,120 | 250 | 251 |
| Texas | 3,424 | 3,363 | 14,347 | 13,901 | 239 | 242 |
| Utah | 496 | 493 | 1,919 | 1,946 | 258 | 253 |
| Vermont | 60 | 54 | 224 | 205 | 268 | 263 |
| Virginia | 937 | 911 | 3,774 | 3,659 | 248 | 249 |
| Washington | 1,303 | 1,327 | 5,016 | 5,008 | 260 | 265 |
| West Virginia | 128 | 126 | 587 | 568 | 218 | 222 |
| Wisconsin | 877 | 873 | 3,597 | 3,417 | 244 | 255 |
| Wyoming | 4 | 4 | 23 | 19 | 187 | 189 |
| Total U.S. | 69,531 | 69,476 | 280,564 | 277,050 | 248 | 251 |

ficiency in Iraq and restrictions on chicken meat imports by Egypt. EEP exports to Spain's Canary Islands were up 33 percent, but EEP exports overall, at about 36 million pounds, were less than 5 percent of total broiler exports, and were much lower than a year earlier due to the absence of EEP sales to Iraq and Egypt.

Broiler exports are expected to be lower in 1989 because U.S. prices are likely to remain relatively high, and sharp import growth is not anticipated in any of the major markets, while decreases are seen in some. However, export programs and importer policies are likely to have an important impact.

### *U.S. Turkey Exports Were Strong*

Turkey exports during 1988, at 51 million pounds, were 54 percent ahead of 1987, and the highest since 1982. The lead-

Table 40--Shell eggs broken and egg products produced under Federal inspection, 1987-88

| Period | Shell eggs broken | Egg products produced 1/ | | |
|---|---|---|---|---|
| | | Liquid 2/ | Frozen | Dried |
| | Thou. doz. | Thou. lbs. | Thou. lbs. | Thou. lbs. |
| 1987 | | | | |
| January | 73,724 | 23,567 | 29,042 | 8,981 |
| February | 71,122 | 22,371 | 27,250 | 8,159 |
| March | 80,467 | 26,343 | 31,909 | 8,725 |
| April | 74,135 | 23,231 | 27,750 | 8,428 |
| May | 77,451 | 23,121 | 28,307 | 9,242 |
| June | 85,391 | 27,478 | 27,781 | 9,788 |
| July | 86,461 | 23,730 | 30,972 | 9,622 |
| August | 79,928 | 25,061 | 27,454 | 8,356 |
| September | 78,419 | 27,371 | 28,455 | 7,157 |
| October | 81,959 | 28,644 | 34,433 | 8,504 |
| November | 73,557 | 22,542 | 29,511 | 8,037 |
| December | 79,469 | 21,367 | 34,530 | 9,337 |
| Jan.-Dec. | 940,083 | 294,826 | 357,394 | 104,363 |
| 1988 | | | | |
| January | 74,629 | 24,055 | 26,050 | 8,973 |
| February | 75,240 | 24,470 | 26,412 | 8,649 |
| March | 81,978 | 27,153 | 28,412 | 7,712 |
| April | 78,725 | 26,516 | 28,209 | 9,487 |
| May | 88,484 | 29,635 | 33,072 | 10,226 |
| June | 93,003 | 30,076 | 37,251 | 9,034 |
| July | 80,170 | 25,572 | 30,347 | 7,903 |
| August | 90,302 | 30,412 | 31,675 | 9,178 |
| September | 79,125 | 27,888 | 30,565 | 7,327 |
| October | 79,071 | 27,803 | 30,198 | 7,589 |
| November | 80,261 | 28,622 | 31,507 | 8,455 |
| December | 75,407 | 26,566 | 34,113 | 8,198 |
| Jan.-Dec. | 976,395 | 328,768 | 367,811 | 102,731 |
| Jan.-Dec. Pct. Chg. Yr-on-Yr | +3.9 | +11.5 | +2.9 | -1.6 |

1/ Includes ingredients added. All expressed in liquid egg equivalent. 2/ Liquid egg products produced for immediate consumption.

## EEP Poultry Exports Fell in 1988

U.S. exports of broiler meat and eggs under the Export Enhancement Program (EEP) were much lower in 1988 compared to 1987. Average export bonuses awarded also were lower. Contributing factors to lower exports were changes in policies of importing countries, relatively higher U.S. prices, lower EPP bonuses, and increased EC subsidies.

### *EEP Broiler Exports*

During 1988, exports of broiler meat under EEP were estimated at about 36 million pounds (see table), down sharply from the 1987 level estimated at approximately 194 million pounds.

Sharply lower EEP exports to Iraq and Egypt were the major reasons behind the decline in 1988. EEP exports were up about 33 percent to the Canary Islands, and were initiated to the Persian Gulf countries, Saudi Arabia, and West Africa.

Actual EEP broiler meat sales in 1988 totaled only 18.5 million pounds, and much of the 36 million pounds of estimated exports were from sales made in 1987. No sales were made to Egypt or Iraq in 1988. Most sales made in 1988 were to the Canary Islands, 8.8 million pounds, followed by 8.3 million pounds to the Persian Gulf.

A number of factors contributed to the decline in EEP exports. Iraq and Egypt reduced poultry meat imports to boost domestic prices as a means of encouraging domestic production. Early in 1988, Egypt forbade the opening of letters of credit for imports of chicken by the private sector. Foreign exchange scarcity also played a role in Egypt's policy. Iraq remained open to imports but negotiated mainly with France and the United States for low, highly subsidized prices.

The sharp rise in U.S. broiler prices beginning in the spring of 1988 made exports less competitive with the EC. Prices in the EC did not move up as in the United States. In early 1988, EC broiler meat prices were much higher than here. But by July, U.S. prices were above those in the EC. By December, U.S. prices were again below those in the EC. However, while EC prices were lower relative to 1987, U.S. prices remained considerably higher than in December 1987.

In addition, the EC increased its export subsidy on whole broilers to EEP destinations. Early in 1988 this subsidy averaged about $560 per metric ton (25.4 cents per pound) but in spring was raised to $685 (31.0 cents per pound).

In contrast to the EC, U.S. export bonuses were reduced in 1988. Early in the year, the EEP bonuses averaged just under 30 cents per pound. These bonuses were mainly for whole broilers to the Persian Gulf. Since mid-April 1988, bonuses averaged much lower, with most in the range of 9 to 13 cents per pound. Most of the EEP sales since mid-April 1988 were limited to broiler or fryer legs to the Canary Islands. The U.S. is a strong competitor in chicken legs but the Middle East market prefers whole birds, where the U.S. is less price competitive.

### *EEP Egg Exports*

U.S. table egg exports under EEP during 1988 are estimated at 11 million dozen, with over 50 percent going to Hong Kong (see table). These exports declined about 40 percent from 1987 and made up 27 percent of table egg exports compared to about 60 percent in 1987.

Actual EEP table egg sales in 1988 totaled 6.4 million dozen, and about half of the estimated 11 million dozen exported in 1988 were from sales made in 1987. Nearly 3.5 million dozen were sold to the Near East and nearly 3 million dozen to Hong Kong.

No EEP sales were made to Iraq in 1988. Iraq is increasing its egg production, which cut 1988 table egg imports from the United States. However, U.S. hatching egg exports expanded under a CCC export credit guarantee. Table egg exports to Iraq required relatively large bonuses of nearly 43 cents per dozen. These bonuses were awarded in 1987 but a part of these sales were not exported until 1988.

U.S. Exports of Broiler Meat Under the EEP in 1988

| Importers | Quantity | Average export unit value 1/ | EEP's share of all U.S. broiler exports |
|---|---|---|---|
| | 1,000 lbs. | Cents/lb. | Percent |
| Egypt | 17,109 | 27 | 100 |
| Canary Islands (Spain) | 8,818 | 42 | 70 |
| Iraq | 7,693 | 53 | 100 |
| Persian Gulf 2/ | 1,395 3/ | 57 | 26 |
| Saudi Arabia | 334 | 63 | 8 |
| Singapore | 137 | 44 | 0.25 |
| West Africa 4/ | 44 | 45 | 3.2 |
| Total EEP | 35,530 5/ | - | 4.6 |

1/ This covers total U.S. broiler exports, not just EEP. 2/ Includes Bahrain, Kuwait, Oman, Qatar, United Arab Emirates. 3/ Estimated. 4/ Includes Benin, Cameroon, Ivory Coast, Gabon, Ghana, Guinea, Liberia, Senegal, Sierra Leone, Togo. Provision also included for mature chicken meat sales. 5/ Estimate.

Sources: U.S. Census data; Foreign Agricultural Service.

U.S. Table Egg Exports Under the EEP in 1988

| Importers | Quantity | Average export unit value 1/ | EEP's share of all U.S. egg exports: Table Eggs | All Eggs 2/ |
|---|---|---|---|---|
| | 1,000 dozen | Cents/ dozen | Percent | |
| Hong Kong | 6,400 3/ | 65 | 56 | 55 |
| Near East 4/ | 2,500 3/ | 54 | 98 | 96 |
| Iraq | 2,171 | 47 | 39 | 15 |
| Total EEP | 11,071 3/ | - | 27 | 8 |

1/ This covers total U.S. table egg exports, not just EEP. 2/ Includes hatching eggs as well as the shell equivalent of egg products. 3/ Estimate. 4/ Includes Bahrain, Kuwait, Oman, Qatar, United Arab Emirates, Yemen.

Sources: U.S. Census data; Foreign Agricultural Service.

Exports to the Near East, particularly to the United Arab Emirates (UAE), increased.

Bonuses paid on EEP table egg exports declined during 1988. From late 1986 through early 1988, the average bonus paid was 33.6 cents per dozen, but by the end of 1988 it was 30.6 cents. Conversely, the EC in March 1988 raised its export subsidy about 7 percent to about 28 cents per dozen. In May, a large EEP sale to the UAE included a bonus of 24.6 cents per dozen, but bonuses later in 1988 were lower, averaging about 11 cents. Most bonuses to Hong Kong ranged between 5 and 10 cents per dozen from July to December 1988.

### *Outlook*

EEP poultry exports during 1989 will be heavily dependent on most of the same factors as in 1988.

U.S. broiler prices are expected to remain relatively high in 1989. The price outlook for the EC is unknown but as at the end of January the trend was flat. If this price relationship continues, to realize increased EEP sales the United States will have to raise its EEP bonuses, or the EC reduce its subsides. Recently, the EC subsidies have been somewhat lower. Conditions in potential EEP markets are also important. If Iraq and Egypt continue to restrain poultry meat imports during 1989, it would be more difficult to increase EEP exports, unless new large markets are opened elsewhere.

U.S. egg prices may be higher during 1989. Larger bonuses may be necessary unless the EC reduces its subsidies. As with broilers, demand in importing countries will be important. If Iraq, for example, increases domestic egg production significantly, further EEP table egg sales to that country would be less likely.

Table 41--Egg prices and price spreads, 1986-88

| Item | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Av. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Cents per dozen | | | | | | | |
| Farm price 1/ | | | | | | | | | | | | | |
| 1986 | 58.3 | 54.0 | 61.4 | 49.2 | 48.8 | 42.1 | 51.9 | 55.3 | 55.4 | 50.3 | 60.0 | 57.9 | 53.7 |
| 1987 | 51.7 | 50.1 | 46.0 | 45.8 | 39.5 | 40.3 | 40.8 | 40.5 | 49.7 | 40.9 | 45.4 | 38.8 | 44.1 |
| 1988 | 39.7 | 37.6 | 41.2 | 36.0 | 32.9 | 36.5 | 49.4 | 50.4 | 56.4 | 51.0 | 51.9 | 52.4 | 44.6 |
| New York (cartoned) 2/ Grade A, large | | | | | | | | | | | | | |
| 1986 | 73.3 | 68.3 | 80.8 | 65.7 | 65.2 | 59.2 | 73.0 | 72.8 | 72.6 | 69.6 | 77.2 | 75.5 | 71.1 |
| 1987 | 67.1 | 65.2 | 62.0 | 62.4 | 55.6 | 58.7 | 59.1 | 63.2 | 68.3 | 60.2 | 60.5 | 56.9 | 61.6 |
| 1988 | 55.9 | 52.7 | 56.4 | 52.1 | 50.9 | 56.8 | 73.7 | 69.5 | 75.7 | 66.0 | 65.3 | 70.7 | 62.1 |
| 4-region average, Grade A, large Retail price | | | | | | | | | | | | | |
| 1986 | 90.1 | 86.6 | 88.7 | 89.0 | 82.0 | 79.5 | 83.3 | 91.3 | 86.8 | 85.5 | 89.7 | 91.0 | 87.0 |
| 1987 | 86.2 | 82.3 | 80.0 | 78.6 | 76.3 | 71.1 | 76.3 | 73.0 | 83.7 | 77.8 | 80.5 | 73.1 | 78.3 |
| 1988 | 76.0 | 71.8 | 74.0 | 71.9 | 67.8 | 70.5 | 80.3 | 90.9 | 87.4 | 89.6 | 83.9 | 83.3 | 79.0 |
| Price spreads Retail-to-consumer | | | | | | | | | | | | | |
| 1986 | 14.9 | 17.2 | 10.0 | 21.9 | 16.8 | 20.5 | 12.1 | 18.8 | 14.3 | 15.4 | 11.7 | 14.4 | 15.7 |
| 1987 | 17.4 | 14.5 | 16.5 | 15.3 | 20.8 | 12.7 | 16.4 | 15.7 | 13.6 | 18.4 | 18.4 | 15.4 | 16.3 |
| 1988 | 19.0 | 18.2 | 14.9 | 20.0 | 16.5 | 13.0 | 7.0 | 20.5 | 11.2 | 22.0 | 16.0 | 10.1 | 15.7 |
| | | | | | | 1982-84 = 100 | | | | | | | |
| Consumer price index | | | | | | | | | | | | | |
| 1986 | 101.5 | 97.4 | 99.6 | 98.5 | 90.7 | 87.1 | 91.4 | 100.7 | 97.1 | 97.2 | 102.2 | 103.7 | 97.3 |
| 1987 | 100.8 | 97.8 | 93.9 | 91.1 | 88.5 | 84.1 | 87.8 | 85.8 | 97.6 | 91.4 | 93.9 | 85.5 | 91.5 |
| 1988 | 90.1 | 85.5 | 87.9 | 85.0 | 81.8 | 83.6 | 95.1 | 104.2 | 103.1 | 105.5 | 101.2 | 99.6 | 93.6 |

1/ Market (table) eggs including eggs sold retail by the producer; data not available prior to 1982.
2/ Price to volume buyers.

Table 42--Egg supply and utilization (population includes military) 1/

| Year | Production | Beginning stocks | Breaking egg use | Imports 2/ | Total supply | Exports | Shipments | Hatching egg use 3/ | Ending stocks | Consumption Total | Consumption Per capita |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Million dozen | | | | | | |
| Total eggs | | | | | | | | | | | |
| 1986 | | | | | | | | | | | |
| I | 1,420.6 | 10.7 | --- | 3.6 | 1,434.9 | 26.0 | 7.5 | 139.2 | 8.7 | 1,253.6 | 62.5 |
| II | 1,417.8 | 8.7 | --- | 4.0 | 1,430.5 | 22.4 | 5.8 | 145.1 | 11.9 | 1,245.4 | 62.0 |
| III | 1,410.5 | 11.9 | --- | 2.2 | 1,424.6 | 29.0 | 7.5 | 141.4 | 11.5 | 1,235.2 | 61.3 |
| IV | 1,456.1 | 11.5 | --- | 3.9 | 1,471.4 | 24.2 | 7.2 | 141.2 | 10.4 | 1,288.4 | 63.8 |
| Year | 5,704.9 | 10.7 | --- | 13.7 | 5,729.3 | 101.6 | 28.0 | 566.8 | 10.4 | 5,022.5 | 249.5 |
| 1987 | | | | | | | | | | | |
| I | 1,441.2 | 10.4 | --- | 2.6 | 1,454.2 | 23.6 | 7.3 | 147.6 | 11.9 | 1,263.0 | 62.4 |
| II | 1,439.3 | 11.9 | --- | 1.2 | 1,451.5 | 23.7 | 4.8 | 154.2 | 13.8 | 1,255.0 | 61.9 |
| III | 1,439.5 | 13.8 | --- | 1.0 | 1,454.3 | 21.5 | 6.1 | 147.8 | 13.5 | 1,264.3 | 62.2 |
| IV | 1,482.3 | 13.5 | --- | 0.8 | 1,496.6 | 42.4 | 6.9 | 146.4 | 14.4 | 1,283.3 | 63.0 |
| Year | 5,802.3 | 10.4 | --- | 5.6 | 5,818.3 | 111.2 | 25.1 | 596.0 | 14.4 | 5,065.7 | 249.4 |
| 1988 | | | | | | | | | | | |
| I | 1,476.3 | 14.4 | --- | .9 | 1,491.6 | 33.7 | 6.0 | 150.2 | 12.7 | 1,276.3 | 62.4 |
| II | 1,428.3 | 12.7 | --- | .7 | 1,441.7 | 34.1 | 6.4 | 153.5 | 20.1 | 1,214.1 | 59.3 |
| III | 1,420.6 | 20.1 | --- | 2.1 | 1,442.9 | 33.4 | 6.6 | 150.5 | 17.5 | 1,224.4 | 59.6 |
| IV 4/ | 1,445.9 | 17.5 | --- | 2.0 | 1,465.4 | 41.0 | 6.5 | 150.0 | 10.0 | 1,257.9 | 61.1 |
| Year 4/ | 5,771.1 | 14.4 | --- | 5.7 | 5,791.2 | 142.3 | 25.4 | 604.3 | 10.0 | 5,009.2 | 244.3 |
| Shell eggs | | | | | | | | | | | |
| 1986 | | | | | | | | | | | |
| I | 1,420.6 | 0.7 | 187.8 | 3.0 | 1,236.5 | 5.7 | 7.5 | 139.2 | 0.6 | 1,083.6 | 54.0 |
| II | 1,417.8 | 0.6 | 227.0 | 3.3 | 1,194.7 | 6.9 | 5.8 | 145.1 | 1.1 | 1,035.8 | 51.5 |
| III | 1,410.5 | 1.1 | 225.1 | 1.2 | 1,187.7 | 6.4 | 7.5 | 141.4 | 0.9 | 1,031.6 | 51.2 |
| IV | 1,456.1 | 0.9 | 217.6 | 3.4 | 1,242.7 | 6.9 | 7.2 | 141.2 | 0.7 | 1,086.7 | 53.8 |
| Year | 5,704.9 | 0.7 | 857.4 | 11.0 | 4,859.2 | 25.9 | 28.0 | 566.8 | 0.7 | 4,237.8 | 210.5 |
| 1987 | | | | | | | | | | | |
| I | 1,441.2 | 0.7 | 225.3 | 1.9 | 1,217.7 | 7.1 | 7.3 | 147.6 | 1.0 | 1,054.9 | 52.1 |
| II | 1,439.3 | 1.0 | 237.0 | 0.1 | 1,202.5 | 8.9 | 4.8 | 154.9 | 1.0 | 1,033.6 | 51.0 |
| III | 1,439.5 | 1.0 | 242.8 | 0.1 | 1,196.8 | 8.3 | 6.1 | 147.2 | 1.0 | 1,033.6 | 50.8 |
| IV | 1,482.3 | 1.0 | 235.0 | 0.1 | 1,245.3 | 24.3 | 6.9 | 147.4 | 1.3 | 1,066.4 | 52.3 |
| Year | 5,802.3 | 0.7 | 940.1 | 2.3 | 4,859.4 | 48.6 | 25.1 | 597.1 | 1.3 | 4,188.4 | 206.2 |
| 1988 | | | | | | | | | | | |
| I | 1,476.3 | 1.3 | 231.8 | 0.1 | 1,233.1 | 16.0 | 6.0 | 150.2 | 2.0 | 1,058.9 | 51.8 |
| II | 1,428.3 | 2.0 | 260.2 | 0.1 | 1,156.9 | 12.0 | 6.4 | 153.5 | 0.9 | 984.0 | 48.0 |
| III | 1,420.6 | 0.9 | 249.6 | 1.1 | 1,162.5 | 15.7 | 6.6 | 150.5 | 0.7 | 989.0 | 48.2 |
| IV 4/ | 1,445.9 | 0.7 | 234.7 | 0.5 | 1,212.4 | 19.0 | 6.5 | 150.0 | 1.3 | 1,036.9 | 50.4 |
| Year 4/ | 5,771.1 | 1.3 | 976.4 | 1.8 | 4,764.9 | 62.7 | 25.5 | 604.3 | 1.3 | 4,068.8 | 198.4 |

1/ Totals may not add due to rounding. 2/ Shell eggs and approximate shell-egg equivalent of egg products. 3/ Hatching for 1986-present calculated by the new method. 4/ Preliminary.
--- Not applicable for total egg supply and utilization.

ing importer was Egypt, at nearly 10 million pounds, followed by Mexico and West Germany. Sales to Egypt, virtually all parts, were nearly 4 times those of 1987 as the export unit value averaged only 27 cents per pound. U.S. exports rose to Egypt as turkey partly substituted for chicken meat. Early in 1988, Egyptian banks were forbidden to open letters of credit for chicken meat imports.

Parts made up 85 percent of total turkey exports compared to 76 percent a year earlier.

For 1989, turkey exports are expected to drop because of higher U.S. prices. Uncertainties exist concerning import tariffs and other trade policies in some major markets such as West Germany, Egypt, and Mexico. However, Taiwan, after banning turkey parts imports during the latter part of 1988, has agreed to an import quota of 992,000 pounds per month for 1989. Should it fully use this quota, Taiwan would likely become the leading market in 1989, and U.S. turkey exports could rise in 1989.

### *U.S. Egg Exports Up Sharply in 1988*

Total egg exports during 1988 were 142 million dozen equivalent, up 27 percent from a year earlier and the highest level since 1982. Export programs and competitive prices played an important role. Egg products made up 53 percent, table eggs 29 percent, and hatching eggs 18 percent of the total. Total value of egg exports was up 33 percent to $117 million.

Japan purchased 61.7 million dozen equivalent, nearly all as egg products. Mexico, with 16 million dozen, and assisted by a CCC export credit guarantee, was the largest buyer of table eggs, followed by Hong Kong with 11 million dozen, about 55 percent imported under EEP. Iraq imported 5.6 million dozen table eggs, about 40 percent under EEP, and also 8.5 million dozen for hatching under CCC export credit guarantees.

Exports are expected to decline in 1989 due to higher U.S. egg prices, but export programs will again be an important factor.

Table 43--U.S. broiler exports to major importers, January-December 1987-1988

| Country or area | 1987 | 1988 |
|---|---|---|
| | 1,000 lb. | |
| Japan | 171,199 | 252,538 |
| Hong Kong | 120,114 | 101,742 |
| Mexico | 27,632 | 97,970 |
| Jamaica | 41,666 | 58,833 |
| Singapore | 52,332 | 54,471 |
| Canada | 46,100 | 52,863 |
| Leeward-Windward Is. | 23,262 | 33,190 |
| Netherlands Antilles | 17,944 | 18,441 |
| Egypt | 55,851 | 17,109 |
| Spain | 11,217 | 12,669 |
| French Pacific Is. | 10,885 | 12,145 |
| Iraq | 128,923 | 7,693 |
| Other | 44,429 | 45,773 |
| Grand Total | 751,554 | 765,437 |

Table 44--U.S. turkey exports to major importers, January-December 1987-1988

| Country or area | 1987 | 1988 |
|---|---|---|
| | 1,000 lb. | |
| Egypt | 2,631 | 9,523 |
| Mexico | 1,846 | 6,647 |
| Federal Rep. of Germany | 4,692 | 5,528 |
| Ivory Coast | 216 | 3,377 |
| Japan | 2,118 | 3,018 |
| Taiwan | 3,436 | 3,013 |
| Hong Kong | 1,947 | 2,341 |
| South Africa | 154 | 2,103 |
| Western Samoa | 1,239 | 1,619 |
| Canada | 3,617 | 1,402 |
| French Pacific Is. | 682 | 1,302 |
| Other | 10,519 | 11,027 |
| Grand Total | 33,097 | 50,900 |

Table 45--U.S. mature chicken exports to major importers, January-December 1987-1988

| Country or area | 1987 | 1988 |
|---|---|---|
| | 1,000 lb. | |
| Mexico | 2,881 | 11,951 |
| Japan | 832 | 2,920 |
| Canada | 4,330 | 2,056 |
| Kuwait | 15 | 1,450 |
| Jamaica | 2,200 | 1,084 |
| Egypt | 1,845 | 646 |
| Hong Kong | 469 | 608 |
| Singapore | 46 | 493 |
| United Arab Emirates | 49 | 492 |
| Dominican Republic | 0 | 446 |
| Other | 2,833 | 3,518 |
| Grand Total | 15,500 | 25,664 |

Table 46--U.S. egg exports to major importers, January-December, 1987-1988 1/

| Country or area | 1987 | 1988 |
|---|---|---|
| | 1,000 dozen | |
| Japan | 48,064 | 61,680 |
| Mexico | 1,995 | 19,275 |
| Iraq | 12,650 | 14,178 |
| Canada | 15,409 | 12,396 |
| Hong Kong | 10,188 | 11,647 |
| Federal Rep. of Germany | 2,174 | 2,810 |
| Jamaica | 2,061 | 2,689 |
| United Arab Emirates | 611 | 2,388 |
| Switzerland | 1,697 | 1,357 |
| United Kingdom | 1,771 | 1,157 |
| Other | 14,666 | 12,259 |
| Grand Total | 111,286 | 141,836 |

1/ Shell, and shell equivalent of egg products.

Table 47--Red meat supply and utilization, carcass and retail weight 1/

| Year | Production: Commer-cial | Production: Farm | Begin-ning stocks | Im-ports | Total supply | Ex-ports | Ship-ments | Ending stocks | Total disap-pearance | Per capita: Carcass weight | Per capita: Retail weight |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Million pounds | | | | | | | | | Pounds | |
| Beef: | | | | | | | | | | | |
| 1987 | | | | | | | | | | | |
| I | 5,754 | 56 | 412 | 543 | 6,764 | 127 | 14 | 411 | 6,213 | 25.6 | 18.1 |
| II | 5,737 | 25 | 411 | 627 | 6,800 | 136 | 13 | 337 | 6,315 | 25.9 | 18.4 |
| III | 6,064 | 24 | 337 | 681 | 7,106 | 159 | 14 | 381 | 6,552 | 26.8 | 19.0 |
| IV | 5,850 | 56 | 381 | 418 | 6,705 | 183 | 12 | 386 | 6,125 | 25.0 | 17.8 |
| Year | 23,405 | 161 | 412 | 2,269 | 26,247 | 604 | 52 | 386 | 25,205 | 103.3 | 73.4 |
| 1988 2/ | | | | | | | | | | | |
| I | 5,696 | 56 | 386 | 703 | 6,841 | 134 | 16 | 419 | 6,272 | 25.6 | 18.2 |
| II | 5,784 | 25 | 419 | 668 | 6,896 | 156 | 15 | 330 | 6,395 | 26.0 | 18.5 |
| III | 6,186 | 24 | 330 | 585 | 7,125 | 188 | 15 | 409 | 6,513 | 26.4 | 18.7 |
| IV | 5,753 | 56 | 409 | 424 | 6,642 | 203 | 15 | 406 | 6,018 | 24.4 | 17.3 |
| Year | 23,419 | 161 | 386 | 2,379 | 26,345 | 680 | 61 | 406 | 25,198 | 102.4 | 72.7 |
| 1989 2/ | | | | | | | | | | | |
| Year | 22,750 | 161 | 406 | 2,200 | 25,517 | 700 | 60 | 325 | 24,432 | 98.4 | 69.9 |
| Pork: | | | | | | | | | | | |
| 1987 | | | | | | | | | | | |
| I | 3,540 | 22 | 248 | 290 | 4,100 | 19 | 31 | 289 | 3,762 | 15.5 | 14.6 |
| II | 3,327 | 9 | 289 | 296 | 3,921 | 27 | 28 | 245 | 3,620 | 14.9 | 14.1 |
| III | 3,384 | 9 | 245 | 299 | 3,938 | 21 | 33 | 244 | 3,639 | 14.9 | 14.1 |
| IV | 4,061 | 22 | 244 | 310 | 4,637 | 42 | 32 | 347 | 4,216 | 17.2 | 16.3 |
| Year | 14,312 | 62 | 248 | 1,195 | 15,817 | 109 | 124 | 347 | 15,237 | 62.5 | 59.1 |
| 1988 2/ | | | | | | | | | | | |
| I | 3,787 | 22 | 347 | 310 | 4,466 | 25 | 30 | 419 | 3,992 | 16.3 | 15.4 |
| II | 3,726 | 9 | 419 | 287 | 4,441 | 60 | 35 | 439 | 3,907 | 15.9 | 15.0 |
| III | 3,773 | 9 | 439 | 273 | 4,494 | 51 | 35 | 352 | 4,056 | 16.5 | 15.6 |
| IV | 4,328 | 22 | 352 | 266 | 4,968 | 59 | 35 | 413 | 4,461 | 18.1 | 17.1 |
| Year | 15,614 | 62 | 347 | 1,137 | 17,160 | 195 | 135 | 413 | 16,417 | 66.7 | 63.1 |
| 1989 2/ | | | | | | | | | | | |
| Year | 15,450 | 62 | 413 | 1,100 | 17,025 | 130 | 140 | 325 | 16,430 | 66.2 | 62.7 |
| Veal: | | | | | | | | | | | |
| 1987 | | | | | | | | | | | |
| I | 112 | 5 | 7 | 6 | 130 | 2 | 0 | 6 | 122 | 0.5 | 0.4 |
| II | 101 | 1 | 6 | 4 | 112 | 2 | 0 | 4 | 106 | 0.4 | 0.4 |
| III | 99 | 2 | 4 | 6 | 111 | 1 | 0 | 4 | 107 | 0.4 | 0.4 |
| IV | 104 | 5 | 4 | 8 | 121 | 2 | 0 | 4 | 115 | 0.5 | 0.4 |
| Year | 416 | 13 | 7 | 24 | 460 | 7 | 1 | 4 | 449 | 1.8 | 1.5 |
| 1988 2/ | | | | | | | | | | | |
| I | 97 | 5 | 4 | 9 | 115 | 1 | 0 | 5 | 109 | 0.4 | 0.4 |
| II | 92 | 1 | 5 | 4 | 102 | 3 | 0 | 5 | 94 | 0.4 | 0.3 |
| III | 99 | 2 | 5 | 6 | 112 | 3 | 0 | 3 | 106 | 0.4 | 0.4 |
| IV | 99 | 5 | 3 | 8 | 115 | 3 | 1 | 5 | 106 | 0.4 | 0.4 |
| Year | 387 | 13 | 4 | 27 | 431 | 9 | 1 | 5 | 415 | 1.7 | 1.4 |
| 1989 2/ | | | | | | | | | | | |
| Year | 390 | 13 | 5 | 25 | 433 | 9 | 1 | 4 | 419 | 1.7 | 1.4 |
| Lamb and Mutton: | | | | | | | | | | | |
| 1987 | | | | | | | | | | | |
| I | 76 | 2 | 13 | 13 | 104 | 0 | 1 | 14 | 89 | 0.4 | 0.3 |
| II | 75 | 1 | 14 | 12 | 101 | 0 | 1 | 12 | 88 | 0.4 | 0.3 |
| III | 77 | 1 | 12 | 9 | 99 | 0 | 1 | 7 | 91 | 0.4 | 0.3 |
| IV | 81 | 2 | 7 | 11 | 101 | 1 | 0 | 8 | 92 | 0.4 | 0.3 |
| Year | 309 | 6 | 13 | 44 | 372 | 1 | 2 | 8 | 360 | 1.5 | 1.3 |
| 1988 2/ | | | | | | | | | | | |
| I | 85 | 2 | 8 | 19 | 114 | 0 | 0 | 7 | 107 | 0.4 | 0.4 |
| II | 80 | 1 | 7 | 15 | 103 | 0 | 1 | 9 | 93 | 0.4 | 0.3 |
| III | 80 | 1 | 9 | 8 | 98 | 0 | 0 | 7 | 91 | 0.4 | 0.3 |
| IV | 84 | 2 | 7 | 9 | 102 | 1 | 0 | 7 | 94 | 0.4 | 0.3 |
| Year | 329 | 6 | 8 | 51 | 394 | 1 | 1 | 7 | 385 | 1.6 | 1.4 |
| 1989 2/ | | | | | | | | | | | |
| Year | 330 | 6 | 7 | 50 | 393 | 0 | 1 | 7 | 385 | 1.6 | 1.4 |
| Total red meat: | | | | | | | | | | | |
| 1987 | | | | | | | | | | | |
| I | 9,482 | 85 | 680 | 851 | 11,098 | 148 | 45 | 719 | 10,186 | 41.9 | 33.5 |
| II | 9,240 | 36 | 719 | 939 | 10,934 | 165 | 42 | 599 | 10,128 | 41.6 | 33.2 |
| III | 9,624 | 36 | 599 | 995 | 11,254 | 182 | 48 | 635 | 10,389 | 42.5 | 33.8 |
| IV | 10,096 | 85 | 635 | 748 | 11,564 | 227 | 45 | 745 | 10,548 | 43.1 | 34.8 |
| Year | 38,442 | 242 | 680 | 3,533 | 42,897 | 722 | 179 | 745 | 41,251 | 169.1 | 135.3 |
| 1988 2/ | | | | | | | | | | | |
| I | 9,665 | 85 | 745 | 1,041 | 11,536 | 160 | 46 | 850 | 10,480 | 42.7 | 34.3 |
| II | 9,682 | 36 | 850 | 974 | 11,542 | 219 | 51 | 783 | 10,489 | 42.7 | 34.2 |
| III | 10,138 | 36 | 783 | 872 | 11,829 | 242 | 50 | 771 | 10,766 | 43.7 | 35.0 |
| IV | 10,264 | 85 | 771 | 707 | 11,827 | 266 | 51 | 831 | 10,679 | 43.3 | 35.1 |
| Year | 39,749 | 242 | 745 | 3,594 | 44,330 | 886 | 198 | 831 | 42,415 | 172.4 | 138.6 |
| 1989 2/ | | | | | | | | | | | |
| Year | 38,920 | 242 | 831 | 3,375 | 43,368 | 840 | 201 | 661 | 41,666 | 167.8 | 135.4 |

1/ May not add due to rounding. 2/ Forecast.

Table 48--Poultry supply and utilization

| Year | Slaughter: Federally Inspected | Slaughter: Other | Slaughter: Total | Beginning stocks | Total supply | Exports | Shipments | Ending stocks | Total disappearance | Per capita Retail weight |
|---|---|---|---|---|---|---|---|---|---|---|
| | Million pounds | | | | | | | | | Pounds |
| Young chicken: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 3,735 | 27 | 3,762 | 24 | 3,786 | 142 | 39 | 25 | 3,579 | 14.7 |
| II | 3,907 | 26 | 3,933 | 25 | 3,958 | 198 | 32 | 24 | 3,704 | 15.2 |
| III | 3,966 | 17 | 3,984 | 24 | 4,008 | 223 | 40 | 28 | 3,717 | 15.2 |
| IV | 3,895 | 21 | 3,916 | 28 | 3,944 | 188 | 40 | 25 | 3,691 | 15.1 |
| Year | 15,502 | 92 | 15,594 | 24 | 15,618 | 752 | 151 | 25 | 14,691 | 60.2 |
| 1988 2/ | | | | | | | | | | |
| I | 3,996 | 25 | 4,021 | 25 | 4,046 | 163 | 38 | 36 | 3,809 | 15.5 |
| II | 4,079 | 26 | 4,105 | 36 | 4,141 | 190 | 38 | 40 | 3,872 | 15.8 |
| III | 4,033 | 11 | 4,045 | 40 | 4,085 | 198 | 37 | 32 | 3,818 | 15.5 |
| IV | 3,875 | 20 | 3,895 | 32 | 3,927 | 214 | 37 | 36 | 3,640 | 14.7 |
| Year | 15,984 | 83 | 16,066 | 25 | 16,091 | 765 | 151 | 36 | 15,139 | 61.5 |
| 1989 2/ | | | | | | | | | | |
| Year | 16,850 | 100 | 16,950 | 36 | 16,986 | 700 | 140 | 25 | 16,121 | 64.9 |
| Other chicken: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 133 | 24 | 157 | 163 | 320 | 5 | 1 | 172 | 143 | 0.6 |
| II | 155 | 28 | 183 | 172 | 355 | 6 | 1 | 182 | 167 | 0.7 |
| III | 129 | 23 | 152 | 182 | 333 | 3 | 0 | 166 | 165 | 0.7 |
| IV | 135 | 24 | 158 | 166 | 324 | 2 | 1 | 188 | 133 | 0.5 |
| Year | 552 | 98 | 650 | 163 | 814 | 15 | 2 | 188 | 608 | 2.5 |
| 1988 2/ | | | | | | | | | | |
| I | 153 | 27 | 181 | 188 | 369 | 6 | 1 | 197 | 166 | 0.7 |
| II | 150 | 27 | 177 | 197 | 373 | 4 | 1 | 157 | 211 | 0.9 |
| III | 112 | 20 | 132 | 157 | 289 | 7 | 1 | 146 | 136 | 0.6 |
| IV | 120 | 21 | 141 | 146 | 287 | 8 | 1 | 160 | 118 | 0.5 |
| Year | 535 | 95 | 630 | 188 | 818 | 26 | 3 | 160 | 629 | 2.6 |
| 1989 2/ | | | | | | | | | | |
| Year | 550 | 98 | 648 | 160 | 808 | 18 | 4 | 150 | 636 | 2.6 |
| Total chicken: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 3,868 | 51 | 3,919 | 187 | 4,106 | 147 | 40 | 197 | 3,722 | 15.3 |
| II | 4,062 | 54 | 4,116 | 197 | 4,313 | 204 | 32 | 206 | 3,871 | 15.9 |
| III | 4,095 | 41 | 4,135 | 206 | 4,341 | 226 | 40 | 194 | 3,881 | 15.9 |
| IV | 4,030 | 44 | 4,074 | 194 | 4,268 | 191 | 41 | 213 | 3,824 | 15.6 |
| Year | 16,054 | 190 | 16,245 | 187 | 16,432 | 767 | 153 | 213 | 15,298 | 62.8 |
| 1988 2/ | | | | | | | | | | |
| I | 4,149 | 52 | 4,202 | 213 | 4,415 | 169 | 39 | 232 | 3,975 | 16.2 |
| II | 4,229 | 53 | 4,282 | 232 | 4,514 | 194 | 39 | 198 | 4,083 | 16.6 |
| III | 4,145 | 31 | 4,177 | 198 | 4,374 | 205 | 38 | 178 | 3,954 | 16.1 |
| IV | 3,995 | 41 | 4,036 | 178 | 4,214 | 223 | 38 | 195 | 3,758 | 15.2 |
| Year | 16,519 | 178 | 16,697 | 213 | 16,909 | 791 | 153 | 195 | 15,770 | 64.1 |
| 1989 2/ | | | | | | | | | | |
| Year | 17,400 | 198 | 17,598 | 195 | 17,793 | 718 | 144 | 175 | 16,756 | 67.5 |
| Turkey: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 670 | 19 | 689 | 178 | 867 | 6 | 0 | 226 | 635 | 2.6 |
| II | 865 | 26 | 891 | 226 | 1,117 | 7 | 0 | 382 | 728 | 3.0 |
| III | 1,100 | 32 | 1,132 | 382 | 1,514 | 7 | 0 | 641 | 866 | 3.5 |
| IV | 1,082 | 34 | 1,116 | 641 | 1,756 | 13 | 3 | 282 | 1,458 | 6.0 |
| Year | 3,717 | 111 | 3,828 | 178 | 4,006 | 33 | 4 | 282 | 3,686 | 15.1 |
| 1988 2/ | | | | | | | | | | |
| I | 837 | 24 | 860 | 282 | 1,143 | 13 | 1 | 353 | 776 | 3.2 |
| II | 980 | 21 | 1,001 | 353 | 1,354 | 11 | 0 | 467 | 875 | 3.6 |
| III | 1,066 | 37 | 1,103 | 467 | 1,570 | 15 | 0 | 583 | 971 | 3.9 |
| IV | 1,020 | 30 | 1,050 | 583 | 1,633 | 11 | 1 | 252 | 1,369 | 5.5 |
| Year | 3,903 | 111 | 4,014 | 282 | 4,297 | 51 | 2 | 252 | 3,992 | 16.2 |
| 1989 2/ | | | | | | | | | | |
| Year | 4,050 | 120 | 4,170 | 252 | 4,422 | 40 | 4 | 175 | 4,203 | 16.9 |
| Total poultry: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 4,538 | 70 | 4,608 | 365 | 4,973 | 153 | 40 | 423 | 4,357 | 17.9 |
| II | 4,927 | 80 | 5,007 | 423 | 5,430 | 211 | 32 | 588 | 4,599 | 18.9 |
| III | 5,195 | 73 | 5,268 | 588 | 5,855 | 232 | 41 | 835 | 4,747 | 19.5 |
| IV | 5,112 | 78 | 5,190 | 835 | 6,025 | 204 | 44 | 495 | 5,282 | 21.6 |
| Year 2/ | 19,772 | 301 | 20,072 | 365 | 20,437 | 800 | 157 | 495 | 18,985 | 77.8 |
| 1988 | | | | | | | | | | |
| I | 4,986 | 76 | 5,062 | 495 | 5,557 | 182 | 39 | 585 | 4,750 | 19.4 |
| II | 5,209 | 74 | 5,283 | 585 | 5,868 | 206 | 39 | 665 | 4,959 | 20.2 |
| III | 5,212 | 68 | 5,280 | 665 | 5,945 | 220 | 38 | 761 | 4,925 | 20.0 |
| IV | 5,015 | 71 | 5,086 | 761 | 5,847 | 234 | 39 | 448 | 5,126 | 20.8 |
| Year | 20,422 | 289 | 20,711 | 495 | 21,206 | 842 | 156 | 448 | 19,760 | 80.3 |
| 1989 2/ | | | | | | | | | | |
| Year | 21,450 | 318 | 21,768 | 448 | 22,216 | 758 | 148 | 350 | 20,960 | 84.4 |

1/ May not add due to rounding. 2/ Forecast.

Table 49--Total red meat and poultry supply and utilization, carcass and retail weight 1/

| Year | Total production | Beginning stocks | Imports | Total supply | Exports | Shipments | Ending stocks | Total disappearance | Per capita Carcass weight | Per capita Retail weight |
|---|---|---|---|---|---|---|---|---|---|---|
| | Million pounds | | | | | | | | Pounds | |
| Total red meat and poultry: | | | | | | | | | | |
| 1987 | | | | | | | | | | |
| I | 14,175 | 1,045 | 851 | 16,071 | 301 | 85 | 1,142 | 14,543 | 59.8 | 51.4 |
| II | 14,283 | 1,142 | 939 | 16,364 | 376 | 74 | 1,187 | 14,727 | 60.5 | 52.1 |
| III | 14,928 | 1,187 | 995 | 17,109 | 414 | 89 | 1,470 | 15,136 | 62.0 | 53.3 |
| IV | 15,371 | 1,470 | 748 | 17,589 | 431 | 89 | 1,240 | 15,830 | 64.7 | 56.4 |
| Year | 58,756 | 1,045 | 3,533 | 63,334 | 1,522 | 336 | 1,240 | 60,236 | 246.9 | 213.1 |
| 1988 2/ | | | | | | | | | | |
| I | 14,812 | 1,240 | 1,041 | 17,093 | 342 | 85 | 1,435 | 15,230 | 62.1 | 53.7 |
| II | 15,001 | 1,435 | 974 | 17,410 | 425 | 90 | 1,448 | 15,448 | 62.9 | 54.4 |
| III | 15,454 | 1,448 | 872 | 17,774 | 462 | 88 | 1,532 | 15,691 | 63.7 | 55.0 |
| IV | 15,435 | 1,532 | 707 | 17,674 | 500 | 90 | 1,279 | 15,805 | 64.1 | 55.9 |
| Year | 60,702 | 1,240 | 3,594 | 65,536 | 1,728 | 354 | 1,279 | 62,175 | 252.7 | 218.9 |
| 1989 2/ | | | | | | | | | | |
| Year | 60,930 | 1,279 | 3,375 | 65,584 | 1,598 | 349 | 1,011 | 62,626 | 252.2 | 219.8 |

1/ May not add due to rounding. 2/ Forecast.

Table 50--Average retail price per pound of specified meat cuts

| Year and item | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Dollars | | | | | | |
| Choice Beef: | | | | | | | | | | | | |
| Ground chuck | | | | | | | | | | | | |
| 1987 | 1.69 | 1.65 | 1.68 | 1.70 | 1.70 | 1.71 | 1.71 | 1.72 | 1.72 | 1.71 | 1.74 | 1.75 |
| 1988 | 1.74 | 1.74 | 1.75 | 1.74 | 1.74 | 1.77 | 1.75 | 1.74 | 1.77 | 1.78 | 1.81 | 1.79 |
| 1989 | 1.81 | | | | | | | | | | | |
| Ground beef | | | | | | | | | | | | |
| 1987 | 1.30 | 1.27 | 1.28 | 1.29 | 1.32 | 1.30 | 1.31 | 1.32 | 1.32 | 1.33 | 1.35 | 1.32 |
| 1988 | 1.31 | 1.32 | 1.34 | 1.34 | 1.36 | 1.39 | 1.37 | 1.37 | 1.37 | 1.39 | 1.41 | 1.40 |
| 1989 | 1.40 | | | | | | | | | | | |
| Chuck roast, bone in | | | | | | | | | | | | |
| 1987 | 1.68 | 1.64 | 1.63 | 1.70 | 1.65 | 1.71 | 1.70 | 1.66 | 1.67 | 1.72 | 1.71 | 1.66 |
| 1988 | 1.64 | 1.74 | 1.69 | 1.72 | 1.80 | 1.78 | 1.70 | 1.67 | 1.74 | 1.74 | 1.74 | 1.80 |
| 1989 | 1.81 | | | | | | | | | | | |
| Round roast, boneless | | | | | | | | | | | | |
| 1987 | 2.54 | 2.47 | 2.49 | 2.45 | 2.59 | 2.56 | 2.50 | 2.51 | 2.57 | 2.58 | 2.58 | 2.56 |
| 1988 | 2.56 | 2.61 | 2.67 | 2.60 | 2.61 | 2.66 | 2.63 | 2.64 | 2.64 | 2.60 | 2.68 | 2.68 |
| 1989 | 2.75 | | | | | | | | | | | |
| Rib roast, bone in | | | | | | | | | | | | |
| 1987 | 3.44 | 3.44 | 3.37 | 3.29 | 3.48 | 3.64 | 3.69 | 3.67 | 3.60 | 3.63 | 3.64 | 3.57 |
| 1988 | 3.57 | 3.59 | 3.66 | 3.75 | 3.72 | 3.93 | 4.02 | 4.04 | 4.12 | 4.12 | 4.10 | 4.03 |
| 1989 | 4.11 | | | | | | | | | | | |
| Round steak, boneless | | | | | | | | | | | | |
| 1987 | 2.80 | 2.80 | 2.76 | 2.81 | 2.94 | 2.96 | 2.91 | 2.93 | 2.92 | 2.96 | 2.92 | 2.93 |
| 1988 | 2.88 | 2.94 | 2.94 | 3.01 | 3.00 | 3.05 | 2.99 | 2.99 | 3.04 | 2.98 | 3.00 | 3.01 |
| 1989 | 3.07 | | | | | | | | | | | |
| Sirloin steak, bone in | | | | | | | | | | | | |
| 1987 | 2.81 | 2.96 | 2.87 | 3.02 | 3.22 | 3.44 | 3.36 | 3.23 | 3.26 | 3.12 | 3.15 | 3.16 |
| 1988 | 2.99 | 3.04 | 3.12 | 3.18 | 3.35 | 3.49 | 3.54 | 3.39 | 3.45 | 3.30 | 3.36 | 3.23 |
| 1989 | 3.39 | | | | | | | | | | | |
| Chuck steak, bone in 1/ | | | | | | | | | | | | |
| 1987 | 1.71 | 1.65 | 1.64 | 1.69 | 1.59 | 1.62 | 1.62 | 1.61 | 1.61 | 1.61 | 1.62 | 1.62 |
| 1988 | 1.61 | 1.62 | 1.64 | 1.65 | 1.67 | 1.71 | 1.70 | 1.69 | 1.70 | 1.70 | 1.72 | 1.71 |
| 1989 | 1.74 | | | | | | | | | | | |
| T-Bone steak, bone in | | | | | | | | | | | | |
| 1987 | 3.86 | 3.79 | 3.83 | 4.01 | 4.33 | 4.64 | 4.77 | 4.45 | 4.37 | 4.31 | 4.29 | 4.27 |
| 1988 | 4.31 | 4.27 | 4.33 | 4.43 | 4.54 | 4.90 | 5.18 | 5.20 | 4.86 | 4.84 | 4.83 | 4.97 |
| 1989 | 4.95 | | | | | | | | | | | |
| Porterhouse steak, 1/ bone in | | | | | | | | | | | | |
| 1987 | 4.22 | 4.19 | 4.22 | 4.26 | 4.36 | 4.44 | 4.44 | 4.42 | 4.39 | 4.40 | 4.44 | 4.43 |
| 1988 | 4.40 | 4.43 | 4.48 | 4.51 | 4.56 | 4.66 | 4.63 | 4.60 | 4.64 | 4.64 | 4.68 | 4.68 |
| 1989 | 4.74 | | | | | | | | | | | |
| Pork: | | | | | | | | | | | | |
| Bacon, sliced | | | | | | | | | | | | |
| 1987 | 2.12 | 2.09 | 2.10 | 2.08 | 2.11 | 2.13 | 2.23 | 2.28 | 2.28 | 2.19 | 2.07 | 2.02 |
| 1988 | 1.95 | 1.94 | 1.92 | 1.91 | 1.90 | 1.90 | 1.91 | 1.88 | 1.84 | 1.86 | 1.80 | 1.79 |
| 1989 | 1.80 | | | | | | | | | | | |
| Chops, center cut | | | | | | | | | | | | |
| 1987 | 2.72 | 2.70 | 2.64 | 2.74 | 2.78 | 2.97 | 3.01 | 3.00 | 2.98 | 2.92 | 2.74 | 2.67 |
| 1988 | 2.66 | 2.72 | 2.68 | 2.71 | 2.78 | 2.93 | 2.90 | 2.87 | 2.90 | 2.77 | 2.67 | 2.65 |
| 1989 | 2.78 | | | | | | | | | | | |
| Ham, rump or shank half 1/ | | | | | | | | | | | | |
| 1987 | 1.60 | 1.59 | 1.50 | 1.36 | 1.44 | 1.50 | 1.52 | 1.56 | 1.58 | 1.62 | 1.65 | 1.60 |
| 1988 | 1.63 | 1.57 | 1.60 | 1.58 | 1.58 | 1.62 | 1.62 | 1.62 | 1.61 | 1.59 | 1.56 | 1.55 |
| 1989 | 1.58 | | | | | | | | | | | |
| Sirloin roast, bone in 1/ | | | | | | | | | | | | |
| 1987 | 1.90 | 1.82 | 1.81 | 1.89 | 1.92 | 1.95 | 2.02 | 2.04 | 2.05 | 2.01 | 1.95 | 1.91 |
| 1988 | 1.92 | 1.90 | 1.90 | 1.88 | 1.89 | 1.94 | 1.93 | 1.93 | 1.92 | 1.89 | 1.86 | 1.85 |
| 1989 | 1.88 | | | | | | | | | | | |
| Shoulder picnic, bone in | | | | | | | | | | | | |
| 1987 | 1.15 | 1.10 | 1.06 | 1.03 | 1.08 | 1.03 | 1.11 | 1.14 | 1.16 | 1.19 | 1.16 | 1.16 |
| 1988 | 1.14 | 1.13 | 1.14 | 1.12 | 1.09 | 1.15 | 1.13 | 1.11 | 1.11 | 1.10 | 1.12 | 1.10 |
| 1989 | 1.12 | | | | | | | | | | | |
| Sausage, fresh, pork, loose | | | | | | | | | | | | |
| 1987 | 2.01 | 2.02 | 1.99 | 1.97 | 1.98 | 1.94 | 2.00 | 2.02 | 2.01 | 1.92 | 1.97 | 1.99 |
| 1988 | 2.05 | 1.97 | 1.99 | 2.02 | 2.02 | 1.95 | 1.99 | 1.94 | 1.95 | 1.90 | 1.89 | 1.92 |
| 1989 | 1.92 | | | | | | | | | | | |
| Miscellaneous cuts: | | | | | | | | | | | | |
| Ham, canned, 3 or 5 lb | | | | | | | | | | | | |
| 1987 | 2.84 | 2.85 | 2.83 | 2.77 | 2.74 | 2.76 | 2.83 | 2.84 | 2.83 | 2.85 | 2.78 | 2.72 |
| 1988 | 2.77 | 2.75 | 2.71 | 2.73 | 2.74 | 2.73 | 2.77 | 2.73 | 2.74 | 2.74 | 2.69 | 2.60 |
| 1989 | 2.75 | | | | | | | | | | | |
| Frankfurters, all meat | | | | | | | | | | | | |
| 1987 | 1.98 | 1.99 | 1.96 | 1.98 | 1.96 | 2.00 | 1.91 | 2.01 | 1.98 | 2.04 | 2.04 | 2.02 |
| 1988 | 2.02 | 2.04 | 2.05 | 2.01 | 2.02 | 2.02 | 2.01 | 2.02 | 2.00 | 2.02 | 2.03 | 2.04 |
| 1989 | 2.08 | | | | | | | | | | | |
| Bologna | | | | | | | | | | | | |
| 1987 | 2.22 | 2.17 | 2.19 | 2.15 | 2.14 | 2.15 | 2.21 | 2.21 | 2.21 | 2.20 | 2.21 | 2.24 |
| 1988 | 2.24 | 2.23 | 2.23 | 2.20 | 2.18 | 2.24 | 2.26 | 2.29 | 2.25 | 2.27 | 2.28 | 2.24 |
| 1989 | 2.22 | | | | | | | | | | | |
| Beef liver | | | | | | | | | | | | |
| 1987 | 1.02 | 1.00 | 1.03 | 1.02 | 1.04 | 1.03 | 1.03 | 1.03 | 1.03 | 1.05 | 1.02 | 1.03 |
| 1988 | 1.01 | 1.01 | 1.02 | 1.04 | 1.04 | 1.06 | 1.06 | 1.04 | 1.06 | .99 | NA | NA |
| 1989 | NA | | | | | | | | | | | |

1/ While these specific cut prices are no longer available from the Bureau of Labor Statistics (BLS), ERS uses the BLS index and historical data to estimate these prices monthly.

Source: Bureau of Labor Statistics.

Table 51--Selected price statistics for meat animals and meat, 1988-89

| Item | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Dollars per cwt | | | | | | | | | | | |
| Slaughter Steers: | | | | | | | | | | | | |
| Omaha | | | | | | | | | | | | |
| Choice, 1000-1100 lb | 68.31 | 71.53 | 72.71 | 75.15 | 70.58 | 65.96 | 67.08 | 67.71 | 69.13 | 70.07 | 71.21 | 72.35 |
| Select, 1000-1100 lb | 65.84 | 69.12 | 71.14 | 72.86 | 67.57 | 63.58 | 64.88 | 64.76 | 65.88 | 67.30 | 68.71 | 70.75 |
| California | | | | | | | | | | | | |
| Choice, 1000-1100 lb | 69.00 | 71.05 | 72.38 | 74.00 | 69.73 | 67.38 | 70.75 | 70.06 | 71.31 | 71.95 | 70.94 | 72.63 |
| Colorado | | | | | | | | | | | | |
| Choice, 1100-1300 lb | 69.05 | 73.90 | 73.88 | 75.93 | 70.78 | 66.72 | 69.75 | 69.56 | 71.81 | 73.17 | 73.10 | 73.73 |
| Texas | | | | | | | | | | | | |
| Choice, 1000-1100 lb | 70.53 | 72.29 | 73.96 | 76.06 | 71.31 | 66.88 | 70.08 | 69.96 | 72.62 | 73.52 | 73.64 | 74.40 |
| Slaughter heifers: | | | | | | | | | | | | |
| Omaha | | | | | | | | | | | | |
| Choice, 1000-1200 lb | 68.05 | 71.19 | 72.79 | 74.88 | 69.90 | 65.41 | 67.24 | 68.10 | 69.12 | 70.31 | 71.23 | 72.48 |
| Select, 900-1000 lb | 64.71 | 67.48 | 68.84 | 70.71 | 65.65 | 61.54 | 63.15 | 63.18 | 64.15 | 65.88 | 66.81 | 68.46 |
| Cows: | | | | | | | | | | | | |
| Omaha | | | | | | | | | | | | |
| Commercial | 46.16 | 47.30 | 49.35 | 49.33 | 42.70 | 44.69 | 46.40 | 46.54 | 46.46 | 41.28 | 44.25 | 44.61 |
| Breaking Utility | 47.32 | 48.43 | 49.41 | 48.79 | 42.68 | 45.39 | 47.33 | 48.42 | 47.71 | 42.10 | 45.14 | 44.88 |
| Boning Utility | 49.55 | 49.83 | 49.50 | 49.16 | 43.68 | 46.60 | 48.57 | 49.50 | 49.21 | 45.72 | 45.92 | 47.11 |
| Canner | 44.10 | 43.28 | 43.97 | 42.31 | 38.16 | 40.24 | 40.00 | 41.08 | 41.42 | 38.48 | 39.83 | 40.86 |
| Cutter | 48.91 | 48.50 | 48.60 | 47.69 | 42.49 | 43.95 | 43.73 | 45.33 | 45.75 | 43.20 | 44.73 | 45.63 |
| Vealers: 7/ | | | | | | | | | | | | |
| Choice, So. St. Paul | 87.50 | 87.50 | 96.41 | 97.66 | 100.88 | 77.50 | 87.50 | 240.42 | 213.75 | 230.88 | 225.63 | 229.63 |
| Feeder steers: 1/ | | | | | | | | | | | | |
| Kansas City | | | | | | | | | | | | |
| Medium No. 1, | | | | | | | | | | | | |
| 400-500 lb | 97.83 | 99.20 | 101.63 | 94.50 | 90.50 | 85.75 | nq | 95.88 | 95.63 | 92.60 | 93.38 | 96.88 |
| 600-700 lb | 83.53 | 85.20 | 86.50 | 82.88 | 77.38 | 79.08 | 84.65 | 84.00 | 85.81 | 83.90 | 86.13 | 86.00 |
| All weights | | | | | | | | | | | | |
| and grades | 81.64 | 83.12 | 82.61 | 78.99 | 70.77 | 74.14 | 79.45 | 79.89 | 82.99 | 81.31 | 80.99 | 82.02 |
| Okla. City | | | | | | | | | | | | |
| Medium No. 1 | | | | | | | | | | | | |
| 400-500 lb | 104.42 | 101.70 | 105.03 | 102.33 | 93.98 | 95.89 | 99.74 | 97.75 | 100.55 | 102.05 | 101.64 | 104.30 |
| 600-700 | 85.99 | 85.63 | 86.29 | 85.67 | 78.59 | 80.69 | 86.21 | 83.97 | 85.32 | 86.41 | 88.10 | 87.98 |
| 700-800 | 82.25 | 81.47 | 79.87 | 79.90 | 74.83 | 77.77 | 81.79 | 81.30 | 82.45 | 83.31 | 85.46 | 84.45 |
| Amarillo | | | | | | | | | | | | |
| Medium No. 1, | | | | | | | | | | | | |
| 600-700 lb | 83.92 | 82.61 | 81.31 | 81.25 | 75.95 | 77.67 | 82.00 | 82.38 | 82.19 | 81.70 | 82.83 | 86.38 |
| Georgia Auctions | | | | | | | | | | | | |
| Medium No. 1, | | | | | | | | | | | | |
| 600-700 lb | 81.75 | 82.60 | 80.13 | 79.88 | 72.60 | 75.67 | 78.20 | 77.75 | 77.38 | 78.60 | 78.50 | 81.25 |
| Medium No. 2, | | | | | | | | | | | | |
| 400-500 lb | 88.50 | 89.30 | 88.38 | 85.25 | 76.40 | 81.67 | 82.20 | 81.25 | 81.50 | 81.60 | 81.67 | 86.25 |
| Feeder heifers: | | | | | | | | | | | | |
| Medium No. 1, | | | | | | | | | | | | |
| Kansas City | | | | | | | | | | | | |
| 400-500 lb | 86.38 | 88.60 | 89.56 | 87.63 | nq | 77.75 | nq | 85.81 | 86.69 | 83.30 | 82.88 | 86.69 |
| 600-700 lb | 77.35 | 78.10 | 76.88 | 77.25 | 72.75 | 72.63 | 78.70 | 78.50 | 80.75 | 79.70 | 79.00 | 73.38 |
| Okla. City | | | | | | | | | | | | |
| 400-500 lb. | 88.39 | 89.05 | 90.72 | 91.44 | 79.86 | 81.77 | 85.59 | 84.29 | 86.02 | 87.49 | 92.02 | 90.10 |
| 600-700 lb. | 78.49 | 77.91 | 76.15 | 76.71 | 71.75 | 74.68 | 77.96 | 77.04 | 78.36 | 78.99 | 80.22 | 80.92 |
| Slaughter hogs: | | | | | | | | | | | | |
| Barrows and gilts | | | | | | | | | | | | |
| Omaha No. 1 & 2, | | | | | | | | | | | | |
| 230-240 lb | 48.55 | 43.93 | 42.59 | 48.93 | 49.50 | 46.92 | 47.17 | 41.80 | 40.04 | 37.84 | 43.01 | 43.03 |
| All weights | 46.78 | 42.62 | 41.95 | 47.51 | 47.80 | 45.31 | 45.71 | 40.78 | 38.84 | 36.25 | 40.58 | 41.76 |
| Sioux City | 48.50 | 43.19 | 42.28 | 47.75 | 48.26 | 45.60 | 45.98 | 41.28 | 38.92 | 36.52 | 40.88 | 41.64 |
| 7 markets 2/ | 47.01 | 42.79 | 42.10 | 47.55 | 48.06 | 45.57 | 46.10 | 41.04 | 38.95 | 36.45 | 40.58 | 41.58 |
| Sows: | | | | | | | | | | | | |
| 7 markets 2/ | 36.98 | 35.03 | 35.51 | 37.68 | 33.91 | 31.79 | 34.01 | 32.89 | 31.19 | 28.14 | 29.49 | 33.60 |
| Feeder pigs: | | | | | | | | | | | | |
| No. 1 & 2, So. Mo., | | | | | | | | | | | | |
| 40-50 lb (per hd.) | 44.80 | 48.65 | 52.16 | 46.85 | 31.40 | 25.57 | 27.40 | 28.30 | 30.95 | 27.99 | 29.17 | 35.25 |
| Slaughter lambs: | | | | | | | | | | | | |
| Choice, San Angelo | 77.25 | 83.75 | 76.50 | 72.67 | 59.38 | 59.00 | 56.19 | 59.50 | 63.94 | 65.55 | 68.83 | 67.75 |
| Choice, So. St. Paul | 80.18 | 76.40 | 69.85 | 71.73 | 56.70 | 58.55 | 54.05 | 57.28 | 62.25 | 63.39 | 67.65 | 62.90 |
| Ewes, Good, | | | | | | | | | | | | |
| San Angelo | 38.25 | 41.17 | 40.17 | 36.38 | 36.30 | 37.83 | 38.20 | 37.38 | 36.88 | 38.75 | 42.08 | 45.69 |
| So. St. Paul | 22.25 | 18.98 | 17.33 | 11.45 | 11.08 | 12.94 | 13.00 | 13.13 | 13.75 | 14.32 | 18.60 | 22.50 |
| Feeder lambs: | | | | | | | | | | | | |
| Choice, San Angelo | 112.63 | 111.30 | 100.25 | 90.63 | 77.80 | 79.67 | 79.05 | 78.56 | 80.38 | 82.00 | 84.83 | 84.38 |
| Choice, So. St. Paul | 108.63 | 102.50 | 88.25 | 83.50 | 71.10 | 62.14 | 59.00 | 64.65 | 70.30 | 75.35 | 83.75 | 85.00 |
| Farm prices: | | | | | | | | | | | | |
| Beef cattle | 67.40 | 68.30 | 69.00 | 69.30 | 65.00 | 63.20 | 65.90 | 67.20 | 67.10 | 66.70 | 67.20 | 69.30 |
| Calves | 92.60 | 93.50 | 93.20 | 93.40 | 84.90 | 87.70 | 90.90 | 89.00 | 87.80 | 87.80 | 88.60 | 92.60 |
| Hogs | 45.80 | 42.20 | 41.90 | 46.30 | 47.10 | 44.10 | 44.70 | 40.70 | 38.70 | 36.20 | 39.70 | 41.70 |
| Sheep | 30.10 | 29.70 | 26.00 | 26.10 | 23.20 | 25.00 | 25.30 | 25.90 | 25.30 | 27.80 | 29.10 | 29.00 |
| Lambs | 80.40 | 80.20 | 74.80 | 72.60 | 60.20 | 60.00 | 59.80 | 64.30 | 66.20 | 66.30 | 68.60 | 68.40 |

Continued--

Table 51--Selected price statistics for meat animals and meat, 1988--Continued

| Item | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. | Jan. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Dollars per cwt | | | | | | |
| Meat prices: | | | | | | | | | | | | |
| Wholesale | | | | | | | | | | | | |
| Central U.S. markets | | | | | | | | | | | | |
| Steer beef, Choice, 600-700 lb | 99.50 | 103.47 | 105.25 | 111.70 | 106.38 | 97.09 | 101.04 | 103.15 | 104.36 | 104.73 | 106.20 | 107.30 |
| Heifer beef, Choice 550-700 lb | 98.98 | 103.19 | 104.97 | 111.20 | 104.92 | 96.28 | 100.37 | 102.82 | 104.62 | 104.49 | 106.22 | 107.39 |
| Cow beef, Canner and Cutter | 92.18 | 90.33 | 89.69 | 89.88 | 81.28 | 85.74 | 86.51 | 87.73 | 85.58 | 85.32 | 90.03 | 91.23 |
| Boxed beef cut-out value | 105.94 | 108.50 | 110.79 | 116.73 | 111.97 | 107.09 | 110.37 | 112.72 | 112.74 | 112.37 | 112.45 | 113.62 |
| Pork loins, 14-18 lb 4/ | 94.93 | 87.82 | 94.03 | 112.75 | 111.31 | 104.96 | 106.88 | 97.92 | 85.33 | 77.87 | 93.61 | 89.35 |
| Pork bellies, 12-14 lb | 48.40 | 45.32 | 43.13 | 46.09 | 45.51 | 40.84 | 37.46 | 33.05 | 34.97 | 33.64 | 34.82 | 36.91 |
| Hams, skinned, 14-17 lb | 76.67 | 78.35 | 68.27 | 67.70 | 66.51 | 65.90 | 67.16 | 73.20 | 78.33 | 78.08 | 65.50 | 65.81 |
| Pork cut-out value | 62.01 | 58.36 | 57.86 | 63.76 | 64.69 | 60.59 | 61.21 | 58.34 | 56.10 | 52.88 | 56.97 | 56.11 |
| East Coast: | | | | | | | | | | | | |
| Lamb, Choice and Prime, 35-45 lb. | 165.00 | 167.03 | 156.25 | 153.75 | 128.50 | 128.75 | 127.00 | 130.50 | 135.00 | 133.65 | 147.50 | 142.50 |
| 55-65 lb. | 151.25 | 153.37 | 141.25 | 141.38 | 125.00 | 128.75 | 127.00 | 130.50 | 134.12 | 127.70 | 137.50 | 132.50 |
| West Coast: | | | | | | | | | | | | |
| Steer beef, Choice, 600-700 lb | nq | nq | nq | nq | nq | nq | nq | nq | nq | nq | nq | nq |
| | | | | | | Cents per lb. | | | | | | |
| Retail | | | | | | | | | | | | |
| Beef | | | | | | | | | | | | |
| Choice | 246.3 | 248.5 | 250.2 | 253.2 | 259.9 | 259.3 | 257.8 | 259.7 | 257.8 | 260.4 | 260.0 | 264.3 |
| All Fresh | 217.6 | 220.0 | 219.7 | 221.5 | 227.2 | 226.1 | 224.3 | 225.4 | 230.6 | 232.9 | 233.0 | 234.1 |
| Pork | 183.1 | 183.3 | 182.9 | 183.6 | 187.9 | 187.4 | 185.5 | 184.9 | 181.6 | 178.0 | 177.4 | 181.1 |
| | | | | | | 1982-84=100 | | | | | | |
| Price indexes: (BLS) | | | | | | | | | | | | |
| Retail meats | 110.2 | 109.8 | 110.8 | 111.7 | 113.8 | 113.4 | 113.2 | 113.4 | 113.0 | 113.0 | 112.7 | 114.0 |
| Beef and veal | 108.5 | 109.8 | 110.5 | 111.7 | 114.1 | 113.4 | 112.7 | 113.6 | 113.7 | 114.7 | 114.6 | 116.0 |
| Pork | 112.3 | 112.6 | 111.4 | 111.7 | 114.6 | 114.3 | 114.1 | 113.7 | 111.8 | 110.0 | 109.6 | 111.5 |
| Other meats | 112.3 | 112.0 | 111.5 | 112.3 | 113.0 | 113.2 | 113.9 | 113.3 | 113.5 | 113.8 | 113.1 | 113.3 |
| Poultry | 108.4 | 109.1 | 110.2 | 114.0 | 120.1 | 129.0 | 131.7 | 133.4 | 129.4 | 127.2 | 127.1 | 128.8 |
| Livestock-feed ratios, Omaha: 3/ | | | | | | | | | | | | |
| Steer-corn | 37.4 | 38.4 | 39.3 | 38.6 | 27.9 | 24.5 | 26.2 | 26.4 | 26.4 | 28.4 | 27.9 | 28.2 |
| Hog-corn | 25.7 | 23.0 | 22.5 | 24.3 | 18.9 | 16.8 | 17.8 | 15.9 | 14.9 | 14.7 | 16.2 | 16.4 |

1/ Reflects new feeder cattle grades. 2/ St. Louis N.S.Y., Kansas City, Omaha, Sioux City, So. St. Joseph, So. St. Paul, and Indianapolis. 3/ Beef, Choice 2-3 550-700 lb. 4/ Prior to 1984, 8-14 lb; 1984 and 1985, 14-17 lb; 1986, 14-18 lb. 5/ U.S. #2, 175 lb. carcass. 6/ Bushels of No. 2 yellow corn equivalent in value to 100 pounds live weight. 7/ Beginning Sept. 10, prices reported per head.

Table 52--Selected marketings, slaughter, stocks, and trade for meat animals and meat, 1988

| Item | Jan. | Feb. | Mar. | Apr. | May | June | July | Aug. | Sept. | Oct. | Nov. | Dec. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | 1,000 head | | | | | | |
| Federally inspected: | | | | | | | | | | | | |
| Slaughter | | | | | | | | | | | | |
| Cattle | 2,832 | 2,679 | 2,813 | 2,707 | 2,803 | 2,983 | 2,897 | 3,120 | 2,927 | 2,871 | 2,698 | 2,685 |
| Steers | 1,419 | 1,360 | 1,394 | 1,408 | 1,469 | 1,506 | 1,451 | 1,525 | 1,397 | 1,324 | 1,270 | 1,311 |
| Heifers | 864 | 792 | 868 | 800 | 827 | 888 | 901 | 1,011 | 966 | 934 | 797 | 790 |
| Cows | 503 | 480 | 498 | 449 | 481 | 533 | 498 | 527 | 507 | 555 | 579 | 537 |
| Bulls and stags | 46 | 47 | 53 | 50 | 54 | 56 | 48 | 57 | 57 | 57 | 52 | 47 |
| Calves | 205 | 203 | 216 | 169 | 171 | 204 | 207 | 227 | 207 | 197 | 202 | 203 |
| Sheep and lambs | 380 | 408 | 535 | 388 | 414 | 413 | 387 | 442 | 452 | 437 | 418 | 447 |
| Hogs | 6,803 | 6,518 | 7,505 | 6,929 | 6,713 | 6,715 | 6,199 | 7,101 | 7,534 | 7,887 | 7,908 | 7,703 |
| Percentage sows | 4.2 | 4.4 | 4.0 | 3.8 | 4.3 | 5.5 | 5.8 | 5.8 | 5.0 | 4.4 | 4.4 | 4.3 |
| | | | | | | Pounds | | | | | | |
| Average live wt per head | | | | | | | | | | | | |
| Cattle | 1,123 | 1,122 | 1,120 | 1,109 | 1,105 | 1,108 | 1,116 | 1,126 | 1,134 | 1,140 | 1,139 | 1,145 |
| Calves | 239 | 250 | 242 | 258 | 272 | 258 | 236 | 242 | 252 | 267 | 254 | 248 |
| Sheep and lambs | 123 | 125 | 129 | 128 | 127 | 125 | 121 | 120 | 121 | 123 | 124 | 126 |
| Hogs | 248 | 247 | 247 | 249 | 250 | 250 | 249 | 247 | 248 | 251 | 253 | 251 |
| Average dressed wt | | | | | | | | | | | | |
| Beef | 671 | 669 | 670 | 667 | 665 | 665 | 670 | 679 | 683 | 683 | 677 | 681 |
| Veal | 145 | 153 | 147 | 157 | 165 | 158 | 146 | 147 | 154 | 161 | 154 | 150 |
| Lamb and mutton | 62 | 63 | 66 | 65 | 64 | 63 | 61 | 60 | 61 | 62 | 63 | 64 |
| Pork | 179 | 178 | 178 | 179 | 180 | 180 | 179 | 177 | 177 | 179 | 181 | 180 |
| | | | | | | Million pounds | | | | | | |
| Production | | | | | | | | | | | | |
| Beef | 1,893 | 1,784 | 1,878 | 1,798 | 1,874 | 1,976 | 1,934 | 2,111 | 1,993 | 1,954 | 1,818 | 1,822 |
| Veal | 29 | 30 | 31 | 26 | 28 | 32 | 29 | 33 | 31 | 31 | 30 | 30 |
| Lamb and mutton | 23 | 26 | 35 | 25 | 26 | 26 | 23 | 27 | 27 | 27 | 26 | 28 |
| Pork | 1,214 | 1,156 | 1,331 | 1,236 | 1,203 | 1,203 | 1,105 | 1,251 | 1,330 | 1,409 | 1,425 | 1,385 |
| Commercial: 1/ | | | | | | 1,000 head | | | | | | |
| Slaughter | | | | | | | | | | | | |
| Cattle | 2,921 | 2,758 | 2,896 | 2,784 | 2,908 | 3,067 | 2,982 | 3,206 | 3,011 | 2,965 | 2,799 | 2,774 |
| Calves | 214 | 210 | 223 | 176 | 179 | 212 | 215 | 234 | 215 | 206 | 210 | 210 |
| Sheep and Lambs | 390 | 416 | 548 | 404 | 427 | 428 | 405 | 462 | 469 | 453 | 432 | 460 |
| Hogs | 6,977 | 6,682 | 7,680 | 7,090 | 6,881 | 6,898 | 6,365 | 7,284 | 7,715 | 8,092 | 8,132 | 7,942 |
| | | | | | | Million pounds | | | | | | |
| Production | | | | | | | | | | | | |
| Beef | 2,007 | 2,040 | 2,098 | 1,828 | 1,924 | 1,943 | 1,982 | 2,162 | 2,042 | 2,006 | 1,875 | 1,872 |
| Veal | 32 | 32 | 33 | 28 | 30 | 34 | 31 | 35 | 33 | 34 | 33 | 32 |
| Lamb and mutton | 24 | 26 | 35 | 26 | 27 | 27 | 24 | 28 | 28 | 28 | 27 | 29 |
| Pork | 1,244 | 1,183 | 1,360 | 1,263 | 1,231 | 1,232 | 1,133 | 1,281 | 1,359 | 1,442 | 1,462 | 1,424 |
| Cold storage stocks: 2/ | | | | | | | | | | | | |
| Beef | 312 | 328 | 312 | 304 | 273 | 247 | 265 | 291 | 307 | 296 | 300 | 305 |
| Veal | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 3 | 3 | 3 | 5 | 5 |
| Lamb and mutton | 8 | 8 | 7 | 8 | 8 | 9 | 9 | 7 | 7 | 6 | 6 | 7 |
| Pork | 287 | 308 | 346 | 396 | 389 | 363 | 337 | 287 | 288 | 321 | 364 | 357 |
| Total meat | 656 | 693 | 716 | 758 | 720 | 669 | 666 | 630 | 646 | 664 | 704 | 704 |
| Trade: | | | | | | | | | | | | |
| Imports (carcass wt) | | | | | | | | | | | | |
| Beef | 275.4 | 190.9 | 236.5 | 218.5 | 193.8 | 255.6 | 185.2 | 229.9 | 169.6 | 151.5 | 161.0 | 111.1 |
| Veal | 4.1 | 2.5 | 2.9 | 1.7 | 1.1 | 1.2 | 1.3 | 1.6 | 3.0 | 4.0 | 2.3 | 1.3 |
| Lamb, mutton, and goat | 7.1 | 5.9 | 6.2 | 6.0 | 4.9 | 3.5 | 2.6 | 3.1 | 2.4 | 2.8 | 3.3 | 3.4 |
| Pork | 89.7 | 104.9 | 115.5 | 92.9 | 95.2 | 99.0 | 94.3 | 94.2 | 85.0 | 90.0 | 85.0 | 91.3 |
| Exports (carcass wt) | | | | | | | | | | | | |
| Beef | 43.4 | 40.3 | 50.0 | 52.3 | 51.1 | 52.2 | 50.6 | 66.1 | 71.2 | 67.9 | 74.0 | 60.8 |
| Veal | .3 | .4 | .2 | .6 | .8 | 1.2 | .6 | 1.3 | 1.0 | 1.3 | .8 | .7 |
| Lamb and mutton | .1 | .1 | .1 | .1 | .1 | .1 | 3/ | .1 | .1 | .2 | .1 | .3 |
| Pork | 8.1 | 7.8 | 9.4 | 16.0 | 21.5 | 22.5 | 17.6 | 18.3 | 14.6 | 18.1 | 21.6 | 19.7 |

1/ Federally inspected and other commercial. 2/ End of month. Beginning January 1977, excludes beef and pork stocks in cooler. 3/ Less than 50,000 lb.

# .An Analysis of Fed Cattle Marketings by Region and Feedlot Capacity

by Steve Reed*

**Abstract:** The January Cattle on Feed report issued by the National Agricultural Statistics Service estimates fed cattle marketings by size of feedlot and the number of feedlots within each size grouping. The 13 States included in this annual summary accounted for 88 percent of estimated U.S. fed cattle marketings last year, a proportion that has been increasing steadily during the 1980's. The following discussion highlights some regional differences in cattle marketings by feedlot size for the following categories: fewer than 1,000 head; 1,000-1,999; 2,000-3,999; 4,000-7,999, 8,000-15,999; 16,000-31,999; and 32,000 head and over. Included in the discussion are historical comparisons from the 1970's.

**Keywords:** Cattle on feed, feedlot capacity, fed cattle marketings

The number of cattle marketed from feedlots each year has increased during the 1980's, while nongrain-fed steer and heifer slaughter has declined. At the same time, the number of feedlots with fewer than 2,000 head capacity has fallen sharply. Fewer and larger feedlots now provide a growing share of total fed cattle marketings each year.

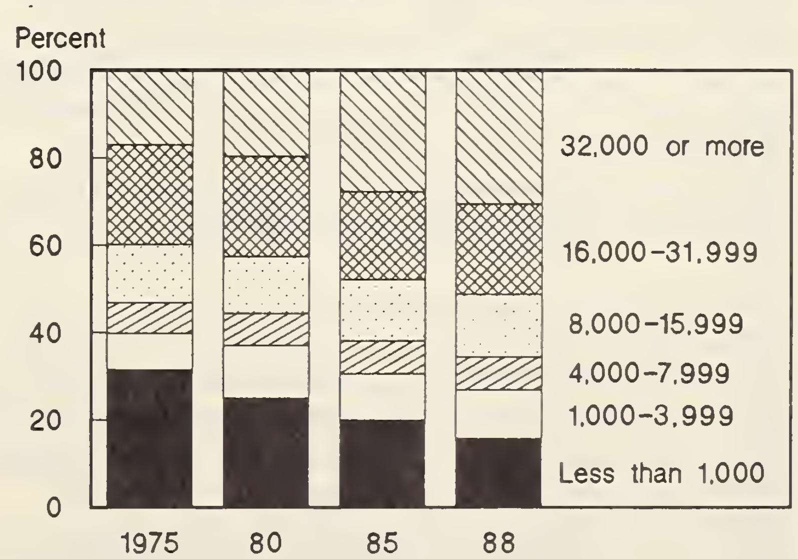
The number of cattle marketed from feedlots with fewer than 1,000 head capacity accounted for 16 percent of total marketings during 1988. This proportion is down from 25 percent in 1980 and over 40 percent in 1970. Feedlot operators in this size category typically combine cattle with cropping enterprises and have the ability to leave and enter the cattle feeding business both seasonally and over longer periods. This gives them a flexibility not available to large commercial feeders in responding to the changing profitability of the industry. In recent years, competition for reduced feeder cattle supplies has directly impacted the small cattle feeders who have been one of the largest groups to exit from the business. Still, anticipating their contribution to total feedlot marketings during the year is an important factor in determining the level of cattle feeding.

Of the 13 States surveyed, Iowa, Illinois, and Minnesota consistently report the largest proportion of sales from feedlots with fewer than 1,000 head capacity. Over 65 percent of the 1.7 million cattle marketed by Iowa producers last year came from lots of this size. Since 1980, the number of small feedlots in Iowa has declined by nearly two-thirds while total marketings from feedlots in this size category have not varied by more than 150,000 head. This transition has been possible because of the gradual increase in the average marketings per feedlot. Currently, these units average about 100 fed cattle marketings per year, up from 55-60 head in the early 1980's.

The proportion of cattle marketed from Illinois' feedlots is more highly concentrated within the smallest size category, with 86 percent of feedlot sales coming from these yards last year. The average number of cattle marketed annually from these lots has remained relatively stable during the 1980's, ranging between 60-85 head. A similar pattern is found in small Minnesota feedlots, however, the number of operations in this size category has fallen by nearly 50 percent since 1980.

At the opposite end of the spectrum are the large commercial feedlots with a capacity of 32,000 head or more. The number of facilities capable of handling this number of cattle does not total 100, yet their combined marketings exceeded 7 million head last year. In several States, these large feedlots market over half of the fed cattle sold each year. Arizona leads with 70 percent of the cattle coming from five large feedlots. Oklahoma, Colorado, Texas, and California

**Fed Cattle Marketings by Feedlot Capacity**




13 states.

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follow with 50 to 60 percent of statewide marketings coming from very large commercial feedlots. Outside of these five States, the proportions drop rather quickly to 33 percent in Kansas and 9 percent in Nebraska.

Texas currently holds over one-third of all the feedlots with a one-time capacity of 32,000 head or more. These lots had combined marketings last year of 2.7 million head, more than the combined marketings from all feedlots in every State, except Kansas and Nebraska. Moreover, marketings from these feedlots have increased by 1 million head since 1980 while the number of facilities increased by five. Kansas ranks second behind Texas in the number of feedlots with a capacity of 32,000 head or more, followed by Colorado and California.

The concentration of large commercial feedlots in the High Plains of Colorado, Kansas, Nebraska, Oklahoma, and Texas has been evident for some time. Over 17.5 million head, or 75 percent of the fed cattle marketed from the 13 States surveyed quarterly, came from this five-State region last year. Possibly more significant is the fact that within this region, 154 commercial feedlots with a capacity of 16,000 head or greater accounted for 44 percent of the 13-State fed cattle marketings.

The increased marketings from feedlots in the High Plains have come at the expense of farmer-feeders in the Corn Belt and commercial cattle feeders in the Far West. Iowa was the top cattle feeding State until the early 1970's. Since then, it has fallen from a 21-percent market share to 7 percent last year. California dropped from 9 to 4 percent of the 13-State marketings between 1970 and 1988.

There are several reasons why cattle feeding has become concentrated in the High Plains. Ample feed grain supplies and dry weather may be the biggest factors. However, the central location relative to States with large concentrations of cow-calf herds and feeder cattle supplies also is a factor. Recent technological changes within the packing industry also have been a factor. Historically tight operating margins have given a cost advantage to newer plants that are fabricating and boxing beef rather than shipping it in carcass form. Most of the newer packing facilities have located near the largest concentration of fed cattle, thus encouraging greater concentration of cattle feeding in the High Plains.

Within the High Plains, there have been some shifts in where cattle are fed. Last year, Texas lost its position as the top cattle feeding State to Nebraska - a position it had held since 1972. Feedlots in Nebraska marketed 5.12 million head in 1988 versus 5.04 million head in Texas. The change in ranking resulted from Nebraska increasing it's marketings by 220,000 head while Texas dropped its annual marketing figure by a similar amount. Following at a more distant third and fourth places are Kansas and Colorado. Kansas marketed 4.15 million head last year and Colorado 2.43 million. In both States, marketings have been increasing steadily during the 1980's.

State ranking in cattle marketings /1

| | Less than 1,000 head capacity 1988 | 1987 | 1980 | 1975 | 1970 | : | 1,000-3,999 head capacity 1988 | 1987 | 1980 | 1975 | 1970 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | NE | NE | IA | IA | IA | : | NE | NE | NE | NE | NE |
| 2 | IA | IA | NE | NE | NE | : | IA | IA | IA | CO | IA |
| 3 | IL | IL | IL | IL | IL | : | KS | CO | KS | IA | CO |
| 4 | MN | MN | MN | MN | MN | : | CO | KS | CO | SD | TX |
| 5 | SD | SD | SD | SD | KS | : | SD | SD | IL | TX | KS |
| 6 | KS | TX | KS | KS | SD | : | MN | MN | SD | ID | ID |
| 7 | TX | KS | CO | CO | CO | : | IL | IL | MN | KS | CA |
| 8 | CO | CO | TX | TX | TX | : | ID | TX | TX | IL | OK |
| 9 | AZ | OK | ID | WA | ID | : | TX | ID | ID | MN | SD |
| 10 | ID | AZ | WA | OK | OK | : | WA | WA | CA | CA | IL |
| 11 | OK | ID | OK | ID | WA | : | OK | CA | OK | OK | MN |
| 12 | WA | WA | AZ | CA | CA | : | CA | OK | AZ | AZ | WA |
| 13 | CA | CA | CA | AZ | AZ | : | AZ | AZ | WA | WA | AZ |

State ranking in cattle marketings /1

| | 4,000-15,999 head capacity 1988 | 1987 | 1980 | 1975 | 1970 | : | 16,000 head or greater capacity 1988 | 1987 | 1980 | 1975 | 1970 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | NE | NE | KS | KS | TX | : | TX | TX | TX | TX | TX |
| 2 | KS | KS | NE | NE | NE | : | KS | KS | KS | KS | CA |
| 3 | TX | TX | TX | TX | CA | : | CO | CO | CO | CA | CO |
| 4 | CO | CO | CO | CA | CO | : | NE | NE | CA | CO | KS |
| 5 | SD | SD | CA | CO | KS | : | OK | CA | NE | AZ | AZ |
| 6 | CA | ID | IA | OK | WA | : | CA | OK | AZ | NE | NE |
| 7 | ID | CA | ID | SD | AZ | : | AZ | AZ | OK | OK | OK |
| 8 | OK | OK | OK | ID | OK | : | WA | WA | WA | WA | ID |
| 9 | WA | WA | WA | IA | IA | : | ID | ID | ID | ID | ID |
| 10 | MN | MN | AZ | AZ | ID | : | MN | IA | IA | SD | SD |
| 11 | IA | IA | SD | WA | SD | : | IA | IL | SD | IA | IA |
| 12 | AZ | AZ | MN | IL | IL | : | IL | SD | MN | IL | IL |
| 13 | IL | IL | IL | MN | MN | : | SD | MN | IL | MN | MN |

State ranking in cattle marketings /1

| | All feedlot sizes 1988 | 1987 | 1980 | 1975 | 1970 | : | Average mktg. per feedlot 1988 | 1987 | 1980 | 1975 | 1970 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | NE | TX | TX | TX | IA | : | AZ | AZ | AZ | AZ | AZ |
| 2 | TX | NE | NE | NE | NE | : | CA | CA | CA | CA | CA |
| 3 | KS | KS | KS | IA | TX | : | CO | CO | CO | CO | CO |
| 4 | CO | CO | IA | KS | CA | : | WA | ID | TX | TX | TX |
| 5 | IA | IA | CO | CO | CO | : | ID | TX | WA | WA | WA |
| 6 | CA | IL | CA | CA | KS | : | TX | WA | OK | OK | ID |
| 7 | OK | CA | IL | IL | IL | : | OK | OK | ID | ID | OK |
| 8 | IL | OK | MN | MN | MN | : | KS | KS | KS | KS | KS |
| 9 | ID | SD | OK | AZ | AZ | : | NE | NE | NE | NE | NE |
| 10 | SD | MN | SD | SD | SD | : | IA | IA | SD | IA | IA |
| 11 | MN | AZ | ID | OK | OK | : | SD | SD | IA | MN | SD |
| 12 | WA | ID | AZ | ID | ID | : | MN | IL | MN | SD | IL |
| 13 | AZ | WA | WA | WA | WA | : | IL | MN | IL | IL | MN |

1/ Ranking is from largest to smallest in decending order.
Source: January Cattle on Feed/USDA Agricultural Statistics Service.

The shift in cattle feeding to the High Plains and to larger commercial feedlots likely will continue. Favorable weather conditions and the advantages of buying production inputs in volume will continue to dominate decisions of how and where the majority of cattle are fed. Another important consideration in feeding cattle is the financial assets required both in making the initial investment and in developing appropriate risk management strategies. In this area in particular, the large commercial outfits have the advantage. It also explains why some large grain companies have become more important players in this business. Thus, the industry consolidation that has occurred in other sectors of our society also is having an impact on agriculture and more specifically the cattle feeding business.

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